AGENDA ITEM NO.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	**Meeting of the Board of Commissioners**
Date	**13th February 2012**
Subject	**Energy Island Enterprise Zone**
Portfolio Holder(s)	**Commissioner Alex Aldridge**
Lead Officer(s)	**Dylan J Williams (Acting Head of Economic Development)**
Contact Officer	**Liz Davies (Development Officer)**
Nature and reason for reporting To secure Commissioners Board endorsement for the Energy Island Enterprise Zone proposals prior to their formal submission to the Welsh Government.	

A – Introduction / Background / Issues

The recently published 'Programme for Government' document (Welsh Government, 2011) outlines how the WG (Welsh Government) intends to positively influence and improve the country's economy. This includes position Wales as a low carbon, green economy, with the introduction of Enterprise Zones being recognised as a means of strengthening the competitiveness of the Welsh economy.

On 20th September Edwina Hart, AM (Minister for Business Enterprise, Technology and Science) announced the identification of five Enterprise Zones as preferred locations for detailed development. One of the five was Ynys Môn, with the Minister expressing 'a strong commitment to the energy sector'.

In response to the WG requirements the Economic Development Unit, on behalf of the Isle of Anglesey County Council, commissioned URS to provide professional expertise and support to explore options and further develop the Energy Island Enterprise Zone.

The Planning Service have outlined their concerns about the potential impacts of Enterprise Zones status. The potential increased workload and reduction in income

from planning fee's need clarification. These issues will be considered with the Welsh Governemtn as the process progresses and implementation details are agreed. **It is essential that the Energy Island Enterprise Zone draft prospectus is endorsed for formal submission to the Welsh Government Minister for Business Enterprise, Technology and Science Mrs. Edwina Hart, AM at the earliest possible opportunity.**

B – Considerations
The proposed Energy Island Enterprise Zone interventions contribute to the strategic objectives of the County Council and Welsh Government.

C – Implications and Impacts		
1	**Finance / Section 151**	Support the proposals. As discussions with Welsh Government proceed and the arrangements are finalised, new financial and governance procedures may be required, especially in relation to external funding and non domestic rate relief.
2	**Legal / Monitoring Officer**	
3	**Human Resources**	N/A
4	**Property Services** (see notes – seperate document)	Potential implication if land held by the council in Enterprise Zone sites and subsequently offered for sale is subject to deferred payment to encourage new development.
5	**Information and Communications Technology (ICT)**	Improving broadband and mobile communication has been identified as a key infrastructure priority to be progressed by Enterprise Zone initiatives.
6	**Equality** (see notes – seperate document)	N/A
7	**Anti-poverty and Social** (see notes – seperate document)	The creation of new employment should offer better opportunities to local residents of working age and help reduce and prevent greater numbers suffering

C – Implications and Impacts		
		from poverty and deprivation. Supply chain opportunities for local businesses will provide further income and the opportunity to support and grow the local economy. It is anticipated that the jobs available will offer progression and employment opportunities at different skill and occupational levels. Allied with major investment in skills development and training infrastructure by local and national agencies these opportunities increase the chances of jobs going to local people.
8	**Communication** (see notes – seperate document)	A Communication, Engagement and Information sharing plan will be developed in coming weeks. The plan will add value to the Energy Island Programme and Enterprise Island
9	**Consultation** (see notes – seperate document)	Internal partners, private sector investors, the Welsh Government and other Enterprise Zones formed part of the consultation process prior/while developing the draft prospectus. All Corporate Directors and Heads of Service were given the opportunity to comment on the draft prospectus prior to its presentation to the Scrutiny Committee. (18th January 2012)
10	**Economic**	The Energy Island Enterprise Zone provides a real opportunity to build on existing investment and maximize the supply chain benefits that are captured in North Wales. The Enterprise Zone has major potential to create jobs, increase the resilience of the North Wales economy and increase the level of value added activity.

C – Implications and Impacts		
11	**Environmental** (see notes – seperate document)	All proposed initiatives will be subject to the normal consenting process prior to their progression.
12	**Crime and Disorder** (see notes – seperate document)	N/A
13	**Outcome Agreements**	N/A

CH - Summary
The development of the Energy Island Enterprise Zone is an unprecedented opportunity to capitalise on the planned investment and growth potential of the low carbon energy sector to create jobs and growth. The Enterprise Zone designation will enable WG in collaboration with IACC to support major private sector investments.

D - Recommendation
To approve the Energy Island Enterprise Zone proposals (Prospectus and Evidence Base Report) prior to their formal submission to the Welsh Government. To note and agree that the Economic Development Unit continues to co-ordinate and manage the development of the Energy Island Enterprise Zone on behalf of the IACC.

Dylan J Williams
Acting Head of Service – Economic Development
01/02/12

Appendices:
None.

Background papers
• Draft Energy Island Enterprise Zone Prospectus; • Draft Energy Island Enterprise Zone Evidence Base Report.

  

Energy Island Enterprise Zone

Evidence base report

Draft

Issue No 3
46406008 /

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Document Revision Record

Issue No	Date	Details of Revisions
1	December 2011	Original issue
2	January 2012	Revised draft
3	February 2012	Revised draft Update on process and timings (1) Recommendations (5.4)

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LIMITATIONS

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1. Introduction

On the 20th September 2011, Edwina Hart, AM (Minister for Business Enterprise, Technology and Science) announced the creation of five EZs (EZs) across Wales including one zone in Anglesey focused on the Energy sector.

The Energy Island EZ is a once in a lifetime opportunity to capitalise on an investment the size of the 2012 Olympics. The designation provides further impetus and incentives to help balance and grow the Anglesey economy and make a major contribution to the low carbon economy in Wales.

URS were commissioned in November 2011 to provide support and expertise to explore options and further develop the Energy Island EZ to a point where a draft prospectus was developed and presented to Welsh Government in mid December 2011.

Following this the team have continued to work with the Welsh Government and wider stakeholders to refine the evidence base and prospectus prior to formal submission.

1.1 Purpose

This report provides the evidence to support the Energy Island EZ prospectus document. The report gives more detail on the incentives and tools that could be included within the EZ and the sites on which they could be applied.

The focus of the EZ is to stimulate investment, new businesses and employment growth within the low carbon energy sector and its supply chain.

1.2 Approach

The approach to the work covers four main stages:

- **Inception** – Clarification of proposed approach and initial consultations with the client lead officers.
- **Review** – A review of relevant policies, current conditions and previous evidence on the potential financial, planning and other measures that could be applied within the EZ site(s).

  The purpose here is to ensure that the EZ tools and incentives respond to both policy objectives as well as the specific opportunities and needs at the local level.
- **Assess –** Consultation with stakeholders to refine and short-list Energy Island EZ incentives**.**
- **Report** – Production of evidence base and prospectus document.

1.3 Definitions

The Energy Island EZ is focused on stimulating demand in energy and energy related activities and businesses. To this end the prospectus supports an approach which will stimulate and build on investment from businesses within the low carbon energy sector on specific EZ sites. In order to minimise displacement there is a need to ensure that the incentives provided are targeted only at businesses within the low carbon energy sector. One approach here would be to define the sector using Standard Industrial Classifications (SIC) coding.

1.4 Timescales

The lifetime of the EZ is also an area which needs to be decided. Given the central link to the Energy Island Programme one approach would be for consistency with the programme lifetime of 2025.

Another consideration here is the timescale over which the various incentives offered within the zone can be afforded. The key issues from a fiscal incentive perspective are affordability and State Aid rules which limit the level of assistance that can be provided to businesses.

Ensuring long term benefits for the Island means that consideration also needs to be given to measures that could potentially retain some of the value of business investment and growth in the EZ beyond its lifetime. Here mechanisms including Tax Increment Financing (TIF) may provide the means by which economic growth and its benefits can be captured over the longer term. In the early TIF “test cases” within the UK timescales here are for a period of 25 years.

1.5 Objectives

Given current economic conditions, policy focus and early discussion it is clear that any proposals for the EZ need to be:

- **Demand and opportunity led** - building on existing and planned investment.
- **Create jobs/GVA impact** – have a focus on employment creation.
- **Contribute to the low carbon economy and promote sustainable economic growth** – capitalise on growth opportunities and existing policy and programmes to reduce carbon emissions and rebalance the economy.
- **Deliverable -** produce economic impacts in the short term and leave a longer term legacy.

1.6 Structure of document

The remainder of the document provides a review of the relevant policy, evidence, local context and stakeholder views to inform the selection of tools, incentives and sites for inclusion within the EZ.

The following section initially reviews the relevant policy, economic and development context to identify the objectives, opportunities and needs that the EZ should respond and contribute to. Using these objectives to help identify potential incentives ensures a more tailored approach to the design of the EZ which:

- Builds on other investment programmes.
- Responds to local conditions.
- Contributes to policy objectives at local, national and European level.

Following this the team reviewed the previous evidence on EZs and other relevant programmes initiatives looking at the potential financial, planning and softer **tools and incentives** that could be applied. This included short case study examples from elsewhere in Europe to identify relevant lessons.

The final element of the review stage was to look at specific sites on Anglesey that could be included within the EZ designation based on a review of the opportunities, constraints and other site characteristics matched against the objectives (section 1.5) and the assessment criteria developed (section 3.5).

2. POLICY, ECONOMIC AND DEVELOPMENT CONTEXT

2.1 UK Energy Policy

National Policy Statements for Energy Infrastructure

The National Policy Statements (NPS) for Energy Infrastructure prepared by the Department of Energy & Climate Change (DECC) sets out the national policy against which proposals for major energy projects will be assessed and decided on by the Infrastructure Planning Commission (IPC). In future, if the changes to the Planning Act 2008 set out in the Localism Bill are enacted, they will also be the primary documents for the new Major Infrastructure Planning Unit (within the Planning Inspectorate) to use in its examination of applications for development consent, and for Ministers when making decisions. The key messages from the six NPSs are set out below.

Overarching National Policy Statement for Energy – EN-1 (July 2011)

The Overarching NPS for Energy identifies the Government's policy for delivery of all types of major energy infrastructure. It highlights how the Government considers that without significant amounts of new large-scale energy infrastructure, the objectives of its energy and climate change policy cannot be fulfilled. The key assessment principles relating to taking decisions on energy infrastructure are set out within this NPS. These include:

- The IPC are required to start with a presumption in favour of granting consent to applications for energy related Nationally Significant Infrastructure Projects, unless any more specific and relevant policies set out in the relevant NPSs clearly indicate that consent should be refused.
- In assessing proposed developments, the IPC are required to take into account:
  - Its potential benefits including its contribution to meeting the need for energy infrastructure, job creation and any long-term or wider benefits.
  - Its potential adverse impacts, including any long-term and cumulative adverse impacts, as well as any measures to avoid, reduce or compensate for any adverse impacts.

The Overarching NPS for energy also sets out policy on the assessments of impacts which are common across a range of technologies. The five other NPSs prepared by the DECC set out the specific decision making criteria that will be used by the IPC on applications it receives for specific types of energy infrastructure. A short summary of the other NPSs are provided below.

National Policy Statement for Fossil Fuel Electricity Generating Infrastructure – EN-2 (July 2011)

This NPS provides the primary basis (alongside EN-1) for decisions by the IPC on applications it receives for nationally significant fossil fuel electricity generating stations. The types of nationally significant electricity generating infrastructure that are covered within this NPS include: coal fired; gas-fired; integrated coal gasification combined cycle; and oil-fired.

National Policy Statement for Renewable Energy Infrastructure – EN-3 (July 2011)

This NPS provides the primary basis (alongside EN-1) for decisions by the IPC on applications it receives for nationally significant renewable energy infrastructure. The types of nationally significant renewable energy infrastructure covered by the NPS include: energy from biomass and/pr waste (>50 megawatts (MW)); offshore wind (>100 MW); and onshore wind (>50 MW). The NPS does not cover other types of renewable energy generation that are not at present technically viable over 50MW onshore or over 100MW offshore such as schemes that generate electricity from tidal stream or wave power.

National Policy Statement for Gas Supply Infrastructure and Gas and Oil Pipelines – EN-4 (July 2011)

This NPS provides the primary basis for decisions by the IPC on applications it receives for gas supply infrastructure and gas and oil pipelines. The types infrastructure covered by the NPS includes underground gas storage and liquefied natural gas (LNG) facilities, gas reception facilities, gas transporter pipelines and pipelines over 10 miles long.

National Policy Statement for Electricity Networks Infrastructure – EN-5 (July 2011)

This NPS provides the primary basis (alongside EN-1) for decisions by the IPC on applications it receives for electricity networks infrastructure. The types of infrastructure covered by the NPS include:

- Transmission systems (the long distance transfer of electricity through 400kV and 275kV lines), and distribution systems (lower voltage lines from 132kV to 230V from transmission substations to the end-user) which can either be carried on towers/poles or undergrounded.
- Associated infrastructure, e.g. substations and converter stations to convert DC power to AC power and vice versa.
- The NPS also covers above ground electricity lines whose nominal voltage is expected to be 132kV or above.

National Policy Statement for Nuclear Power Generation – EN-6 (July 2011)

The NPS has effect in relation to nuclear power generation with a capacity of more than 50 MW on a site listed within the NPS.

The government determined that a total of eight sites (including the proposed new nuclear build at Wylfa) are potentially suitable for the deployment of new nuclear power stations in England and Wales before the end of 2025. Each site has been assessed by the Government by the way of a Strategic Siting Assessment (SSA). When assessing an application for a new nuclear power station, the IPC should have regard to the relevant site assessment in addition to the key impacts and general siting considerations set out in the NPS.

The SSA for the proposed new nuclear build at Wylfa concluded that the site meets the SSA criteria. The assessment outlined that there are a number of areas which will require further consideration by the applicant, the IPC and/or the regulators should an application for development consent come forward, including the AONB and Heritage Coast and the Tre'r Gof SSSI.

2.2 Welsh Government: Key Policies

The key government documents to inform the scoping of the Energy Island EZ are identified below. Throughout we identify the key areas of the policy that the EZ and related incentives can make a contribution to.

Economic Renewal: A New Direction (July 2010)

Prepared by the Welsh Government, this document sets out the role the Government can play in providing the best conditions and framework to enable the private sector to grow and flourish. The policy outlines the vision for the economic renewal of Wales, which is set out below:

> "*Our vision for economic renewal is of a Welsh economy built upon the strengths and skills of its people and natural environment; recognised at home and abroad as confident, creative and ambitious; a great place to live and work*".

The approach to economic renewal is organised under five key priorities, as follows:

- Investing in high-quality and sustainable **infrastructure**.
- Making **Wales a more attractive place to do business**.
- **Broadening and deepening the skills base**.
- Encouraging **innovation**.
- **Targeting the business support** we offer.

Welsh Government – Programme for Government (May 2011)

Prepared by the Welsh Government, this document sets out the plan of action for the future of Wales. It emphasises the outcomes that the Welsh Government is working towards, including:

- Healthy people living productive lives in a more prosperous and innovative economy.
- Safer and more cohesive communities, with lower levels of poverty and greater equality.
- A resilient environment with more sustainable use of our natural resources.
- A society with a vital sense of its own culture and heritage. It sets out specific actions the Welsh Government are taking and how these actions will be monitored.

A key aim of the Programme for Government is to strengthen the conditions that will enable business to create jobs and sustainable economic growth. The key actions the Welsh Government is taking to achieve this aim are set out below.

- Supporting the economy and business through: supporting high performing, quality companies in those parts of the economy that can **create employment, wealth and a sustainable Wales**; promoting trade and investment opportunities through targeted trade missions and offices abroad; building strong links with anchor companies and developing strategic, mutually supportive and beneficial relationships with these key companies; **introducing EZs to strengthen competitiveness** of the Welsh economy; and develop tourism activity and niche markets.
- **Improve Welsh skills for employment** through: establishing Jobs Growth Wales (offering employment or training for young people); and increasing apprenticeship opportunities for young people.
- **Improving infrastructure** by: delivering priorities of the National Transport Plan; and seeking to improve broadband capacity for residential and business premises.
- Creating a **sustainable, low carbon economy** through: implementing the low carbon energy agenda; and continuing to press the UK Government for responsibility for energy consents up to 100MW on both sea and land and for renewable obligation to support delivery of our low carbon energy agenda.

The programme also introduced the EZ policy to strengthen the competitiveness of the Welsh Economy. Five preferred locations for EZs were announced with one on Anglesey focused on the energy sector.

A Low Carbon Revolution: Welsh Government Energy Policy Statement (March 2010)

The statement sets out the policy to achieve a low carbon revolution. Firstly, the need to maximise energy savings and efficiencies in order to make **producing the majority of the energy needed from low carbon sources** more feasible and less costly. Secondly, the energy needs in a modern society will remain considerable, and must be met securely from low carbon sources. Thirdly, there is a need to ensure that **the transition to low carbon maximises the economic renewal opportunities** for practical jobs and skills, strengthens and engages the research and development sectors, promotes personal and community engagement and helps to tackle deprivation and improve quality of life.

Capturing the Potential – A Green Jobs Strategy for Wales (July 2009)

The strategy outlines the proposals to direct the transition to a more sustainable economy. The strategy promotes the greening of existing jobs through more efficient use of resources and aims to **stimulate new green jobs** by helping to develop skills, innovation and new technologies.

2.3 Anglesey: Policy, Economic and Planning Context

The Energy Island programme will drive economic development and influence the nature of the EZ and related initiatives in Anglesey. At the same time the zone needs to respond to the wider economic context to address some of the critical issues of low demand, market failure and overall fragility of the economy.

Energy Island Programme

The Energy Island programme sets out a vision which has the potential to make a significant contribution to Welsh Energy policy, wider low carbon economy and provide economic growth for North Wales through the pursuit of the following objectives:

1. **Production –** Investing in low carbon energy production to help secure a stable energy future for Wales.

2. **Demonstration –** Establishing world-class facilities to place Anglesey as a leading location for low carbon energy innovation and demonstration.

3. **Servicing –** Ensuring that local companies and people benefit and take advantage of opportunities from new energy investments.

The development of the Energy Island Programme will provide a once in a generation opportunity to transform the social, economic and environmental fortunes of Anglesey and North Wales. The programme has the potential to create 2,000 net additional jobs to 2025, alongside 6,000 construction jobs and a major contribution to Gross Value Added (GVA). This includes investments such as the proposed new nuclear build at Wylfa, potential opportunities from the Round 3 offshore wind zone alongside earlier stage technologies including marine current turbines and existing plans for a large scale biomass and other energy developments at the Anglesey Aluminium site.

Energy Island Programme – Potential Outcomes and Performance Measures (2011)

The overall purpose of the study is to contribute to the development of the Energy Island Programme to ensure it is realistic, achievable and importantly measurable. The study sets out a series of potential employment scenarios for the programme to understand the potential scale of impact. Measures and outcomes to assess the progress of the programme are also specified (see below) and these range from **GVA** and **employment creation** through to carbon emissions data. These measures[1] should be used to assess and monitor the progress of the EZ over its lifetime.

Indicator	Outcome / target
1. Vibrant Anglesey and NW Wales economy:	
1.1 GVA	Increase of 10-13% over and above base case to 2025
1.2 GVA per head	Gap in GVA per head relative to the UK measure is closed from the current position (2010)
1.3 Employment per head of population	Increase the number of jobs per head of population over the period to 2025
1.4 Retention of younger people	16-24 year olds as % of overall population stabilises at 10%
1.5 Working age population	Proportion 16-64 year increases to 61-62% of the population by 2025.
2. Increased Prosperity	
2.1 Earnings	Gap between Anglesey and Wales as a whole narrows over the period to 2025
2.2 Skills	At minimum a 3% increase in the proportion of the workforce (over 2008 levels) for the SOC 1-3
2.3 Unemployment	The proportion of Job Seekers Allowance (JSA) claimants reduces to that of Wales
2.4 Activity rates	Rise to at least 1% above that for Wales
2.5 Long term unemployment	Reduces to the average for Wales overall
3. Flourishing local culture	
3.1 Welsh language speakers	The proportion of Welsh language speakers is maintained at the current level, with between 60-65% of the population (aged 3+) able to speak Welsh
3.2 Housing need	Level of housing need as evidence by the Index of Multiple Deprivation (IMD) housing domain shows marked improvement relative to Wales
3.3 Vibrant housing market	Land Registry house price data shows sustained improvement relative to Wales
4. Enhanced environmental position	
4.1 Low carbon future	Carbon emissions reduce (11.3 in 2008) from above to below the average for Wales (10.8 in 2008)

[1] The measures and targets have been amended from the original version to reflect the availability of published statistics to use in measuring impacts.

Economic and Planning Context

Anglesey has **a fragile industrial structure**, with a strong dependence on production and transport activities, including concentrations of relatively low value manufacturing. In addition the small scale of the employment base on the Island means the loss of larger employers has a major impact on the wider economic and social health of the area. This has been demonstrated by a series of closures principally at Anglesey Aluminium (AAM) which led to over 500 job losses, alongside others including Eaton Electrical (200 jobs).

Underlying these difficulties is the issue of peripherality. Anglesey is one of the most peripheral economies in the UK and this is reinforced by its physical detachment from the mainland. One of the major difficulties facing peripheral economies like Anglesey is **the ability to generate new employment** – especially in higher value sectors. In this respect the decommissioning of Wylfa and closure of AAM represents a major blow to the economy. These events have to some extent only extended the longer term trend towards a greater reliance on other areas including the Menai Hub – to generate new employment. Meanwhile **employment density on the island remains relatively low**.

The decline of the local economy and lack of employment opportunities tends to mean that residents need to travel further for jobs. At the same time an increasing proportion of the housing stock is taken by more affluent commuters, in-migrants and the retired. This in turn can tend to exacerbate problems of housing affordability, putting further pressure on younger people to move out of the area.

The recent review of employment land also points to a lack of speculative development due to limited demand and low property values. The key player in the property market in recent years has been the Welsh Government. These issues indicate a lack of private sector activity and the subsequent **need for the public sector to use its assets and the tools available, including the EZ status, to lever in development and businesses**.

Alongside the issues that face the Island there are also opportunities not least in terms of the unique opportunity arising from the Energy Island programme. Central to the programme is the investment in a potential new nuclear build at Wylfa alongside opportunities in biomass, wind power, marine renewables and micro-generation.

This provides arguably a unique opportunity to address some of the difficulties associated with more peripheral economies where geographical distance from markets impacts on overall competitiveness and levels of entrepreneurialism.

2.4 EU Programmes

The current EU Structural fund programme runs until 2013 with a new round covering the period 2014- 2020. This will be a key period in the life of the Energy Island programme and EZ which will include the most intensive period of construction and development activity on Anglesey.

There is an urgent need to ensure that programme investment at the local level is co-ordinated with the existing Convergence programme and the upcoming 2014-2020 programme. The overall aim of the current West Wales and The Valleys convergence programme is:

> "*To make West Wales and the Valleys a vibrant, entrepreneurial region at the cutting edge of sustainable development.*"

The drivers for the European Regional Development Fund (ERDF) programmes are as follows:

1. Helping businesses to move continually up the value chain and increase the value added per job, thereby **raising productivity and earnings**.

2. Creating an attractive environment for people in which to live and work and invest, including through the **regeneration of the region's poorest communities**.

This is entirely consistent with the vision and aims of policy at the local level with a focus on sustainable economic growth, stimulating investment and achieving regeneration.

For the 2014 to 2020 programme the proposed Regional Development Fund Regulation for 2014-2020 sets out the scope of the Fund, and the investment priorities for regional development programmes The ERDF is the biggest single source of EU funding for this although there will also be support form other EU funds.

Under the proposal, regions would have to concentrate ERDF support on a limited number of objectives in line with the Europe 2020 strategy. The proposed ERDF would channel resources towards **energy efficiency and renewables, innovation and support for small and medium-sized businesses (SMEs**) – at least 80% of support for more developed regions and at least 50% for less developed regions. Minimum amounts are earmarked for investments in energy efficiency and renewables for all regions.

The Welsh Government has recently completed an Inquiry into the draft proposals in order to understand their impact and the appropriate response to Brussels. At the same time the Finance Committee of the Welsh Government has issued a call for evidence and is currently investigating the Effectiveness of European Structural Funding in Wales over the 2007-2013 period. The call for evidence closes on the 9th January 2012. This is an opportune time to influence the shape of EU structural funding in Wales to enhance and align with the investment in EZs.

2.5 Summary

The EZ can play a significant role in helping deliver the Energy Island vision and the objectives of the Welsh and European Governments. Critically the zone needs to build on the existing opportunities and investment being directed through Energy Island including the proposed nuclear new build and renewable energy projects alongside funding from EU programmes and other Welsh Government sources.

The review of conditions also shows there is a critical need for the EZ to help:

- Create employment opportunities and diversify the employment base.
- Change the nature of the economy by incentivising investment from private sector businesses within higher value added sectors, in this instance energy related.
- Ensure that benefits at the local level are maximised by aligning training and skills development with incentives to attract and grow business.
- Ensure that incentives create positive long term benefits for the North Wales economy.
- Deliver positive economic outcomes in the short to medium term to help address some of the effects of the recession on Anglesey's and North Wales.

The main point here is to select the right package of options that will help to address the economic issues, build on the opportunities and have the greatest and most beneficial impact. To this end the following sections go on to review the evidence from previous EZs and case studies from other parts of Europe.

3. ENTERPRISE ZONES & CASE STUDY EVIDENCE

3.1 Introduction

The following section looks at the evidence from previous eEnterprise zones in order to inform the approach in Anglesey. The section provides a review of the main tools and incentives applied and the overall impact.

The previous incarnation of EZs were announced by the Conservative Government in the 1980 Budget. In total 38 EZs were designated between 1981 and 1996.

The following benefits were available to both new and existing industrial and commercial enterprises in an EZ for a ten-year period from the date on which the EZ was designated:

- Exemption from rates on industrial and commercial property.
- Exemption from Development Land Tax.
- 100% allowances for corporation and income tax purposes for capital expenditure on industrial and commercial buildings.
- Employers were exempt from industrial training levies.
- A simplified planning regime – developments that conformed to the published scheme for each zone did not require planning permission.

3.2 Evidence

3.2.1 Business Rate Relief

In theory exemption from business rates and tax allowances for capital investments reduces the cost for businesses and allows them to expand and be more profitable. However the literature suggests that the incentives available encouraged businesses to make capital investments rather than labour expansion. At the same time the mix of incentives tended to favour the development industry rather than the business end user. This evidence reinforces the importance of clear objectives and careful consideration of the tools and incentives to be utilised within the Energy Island zone.

3.2.2 Capital Allowances

In previously designated EZs up to April 2011 it was possible to claim a 100% capital allowance on expenditure on certain types of building if either of the following activities applied:

- Building or buying a new commercial or industrial building constructed under a contract that was entered into within the first ten years of the site being included in an EZ and the expenditure incurred under that contract is/was incurred within 20 years of the site's designation.

- Buying a used commercial or industrial building within two years of its first use if when it was built it met the above conditions.

From April 2011 these allowances, alongside Industrial Buildings and Hotel Allowances are no longer available.

Capital allowances within the previous EZs have historically proven ambiguous in terms of their ability to achieve long term growth. The evidence suggests that they have in the past stimulated mainly property based regeneration. The main capital allowances in previous EZs have been available through the EZ Allowances scheme. These allowed for 100% relief on the construction of new commercial and industrial premises but have from April 2011 been abolished through the 2007 and 2008 Finance Acts. There is however the potential to increase the already available capital allowances on plant and machinery (currently 10% or 20% depending on the item and specific circumstances) to an "enhanced" level.

Given the current economic conditions and restrictions on budgets applying significant capital allowances to an entire zone or sites within a zone is not likely to be financially achievable and given the evidence might be questionable in terms of the overall value for money achieved. There is also the issue of State Aid to deal with in this context which even in assisted areas places restrictions on the amount of allowance that can be given.

Having said this there may well be circumstances where capital allowances are relevant and applicable within the Energy Island Zone, particularly where there is a large manufacturing investment that could benefit from greater allowances on plant and machinery, an example here would be an original equipment manufacturer (OEM) for the offshore wind industry investing in a port location . This could be a critical incentive where the Island is competing with alternative locations for the investment. At the present time and on the basis of known information there are no known plans for large manufacturing investments on the Island.

3.2.3 Simplified Planning

The evidence points toward very limited examples of simplified and streamlined planning processes. In the Isle of Dogs EZ in London there was a fast track approach adopted although there was criticism that this resulted in low quality buildings. In many other cases the planning process remained very similar to that outside of the zones.

Local authorities already have had the power to designate Local Development Orders (LDO) since 2004. However to date there have only been four LDOs adopted. In some cases there is likely to be a requirement for an Environmental Impact Assessment even with an LDO.

What is clear given these issues is that LDOs and simplified planning approaches will only be applicable and speed up the planning process on selected sites.

3.2.4 Additionality

One of the main criticisms was that only 20% of jobs that were created within the EZs were additional with significant displacement effects from firms moving short distances to capitalise on the incentives available. This could be a factor in the Energy Island zone although limiting the incentives to Energy Sector businesses will reduce the local displacement effects compared to an economy wide approach to incentives.

3.2.5 Cost Effectiveness

The previous evaluations and more recent literature reviews point to what is seen as a comparatively high cost per job resulting from the EZs, estimated to have been approximately £26,000 per additional job at current prices.

Most of the costs associated with the EZs were forgone tax revenues (business rates and capital allowances) and upfront costs on land and infrastructure. Estimates range between £1.3 billion to £1.6 billion (at current prices) of forgone revenues to Government.

The key point here is the scale of the resources employed. Given current economic conditions the resources available are significantly smaller than the previous zones and hence there is a pressing need to focus on smaller areas with real potential for growth and investment. The sites or areas to benefit need to be selected on this basis and aligned with existing public sector funding and assets alongside any committed or planned private sector investment.

3.3 Summary: Enterprise Zones Previous Evidence

A range of studies have looked into the experience of the previous EZ policy including work by both the Centre for Cities and Work Foundation. The Centre for Cities found EZs in general and capital allowances in particular to have mostly benefited landowners and developers.

Business rate exemptions gave companies incentives to move to EZs, often in higher end office spaces and new developments. Rents charged within EZs were found to be on average 10 per cent higher than in surrounding areas, suggesting that the designation's tax breaks for relocating companies benefited landowners in an indirect manner.

Tax breaks were not found to have been significant in terms of generating long term growth. Studies have found that incentives were only the third most important factor attracting firms, behind site characteristics and access to markets. Having said this, the relatively peripheral location of the Energy Island zone will mean that fiscal incentives will still remain an important part of the package in helping attract companies who will also be considering alternative and often more accessible locations.

The current view from commentators is that in the interest of long term competitiveness EZs should direct investment towards skills, small business and infrastructure investment. Location and site characteristics were found to be more important influences on decision making for businesses located in the zones than tax benefits.

The review of evidence on the previous generation of zones also brings into clear focus the fact that the Energy Island EZ will also be in direct competition with other areas for investment. Particularly where there is a similar focus on energy, advanced engineering and the wider environmental service sectors the zone will need to offer clear benefits relative to the competition. Here the potential nuclear new build will act as a major lever for supply chain and support firms to locate, alongside the additional levers provided by the EZ incentives. In some low carbon energy sectors there may be fiercer competition from other locations particularly for offshore wind related employment and investment where there are other ports currently engaged in construction and maintenance activities.

3.4 Case Studies

A number of case studies have been produced to understand the different incentives and tools which have been used to lever investment and achieve regeneration in other parts of Europe. Whilst the context in these examples is different from Anglesey the key point here is the use of different tools to achieve economic development. These are as applicable to any location although there may be a wider requirement for legislative and financial change to enable the use of certain tools e.g. business rate setting and local retention alongside Tax Increment Finance. The case studies included are:

- Malmo, Sweden.
- Hafen City, Hamburg, Germany.
- Rotterdam, Netherlands.

The lessons from the case studies are as follows (more detail is provided in **appendix A**)

Location	Incentives/Tools	Lessons
Malmo	EU funding to enhance environmental sustainability of developments. Government funding – Local Initiatives Programme (LIP - €600 million). Local taxation setting and collection.	Public sector funding framework a significant factor in levering investment. Ability to set and spend taxes a key factor in delivering economic development and regeneration. Significant public funding used to enhance area and improve environmental quality.
Hafen City	No direct financial or tax incentives to invest were offered. Delayed payment on land sales. Building quality standards within developer agreements.	All land acquired by local authority giving control over development and quality. Authority borrowed against land assets to fund infrastructure investment.

Rotterdam	Local tax raising and spending powers critical. Dedicated gap funding mechanism. Local Authority borrowing against land assets. National infrastructure funding.	Major investment in transport infrastructure a major factor in levering new investment. A variety of incentives and funding programmes were used to deliver different aspects of the development and improve viability and quality.

3.5 Criteria

The review of policies, local conditions, existing evidence, and the case studies provides a clear set of criteria that can be used to provide a basis for the selection of the EZ incentives (and to a certain extent the sites within the zone). These are as follows

- Ability to deliver job growth.
- Ability to stimulate demand and growth from small and medium sized enterprises.
- Ability to enhance economic competiveness.
- Ability to retain benefits over the longer term.
- Ability to be packaged with other measures and programme.
- Practical in relation to State Aid rules.

4. INCENTIVES, TOOLS & SITES

The following section provides an overview of the potential tools and incentives that could be applied and available to businesses within the Energy sector that locate within the Energy Island EZ. The purpose here is to explain the different tools and their relevance to the specific Anglesey context. The three main areas are:

- Fiscal incentives.
- Planning tools.
- Softer measures (include training, skills development, marketing and promotion).

4.1 Fiscal Incentives

There are a range of incentives that have and could be applied to bring about economic development on Anglesey. The following section provides a review of the key incentives setting the context for each and identifying the potential applicability for the Energy Island zone.

4.1.1 Business Rates

Non-Domestic Rates (NDR) are also known as business rates. They are a property tax paid on non-domestic properties. They are the means by which businesses and other users of non-domestic property contribute towards the costs of local authority services.

Non-domestic rates are calculated by taking the Rateable Value (RV) of a property and multiplying it by the non-domestic rates 'multiplier' or 'poundage' for the year in question. The Valuation Office Agency (VOA), which is independent of the Welsh Government, values properties for the purposes of charging non-domestic rates and assigns the RVs.

The Welsh Government sets the multiplier each year which cannot be increased by more than the previous September's retail price index. The multiplier for the financial year 2011-12 is 0.428. There are various reliefs available which can help to reduce the rates bill for a business or other non-domestic property. The Welsh Government pays 100% of mandatory rate reliefs and a percentage, in some cases up to 90%, of discretionary reliefs.

All non-domestic rates are collected and paid in to the Welsh Government's Non-Domestic Rates Pool. They are then redistributed back to local authorities as part of the local government revenue settlement each year.

For Anglesey the non-domestic rates tax collected on the Island equated to approximately £14 million in 2009/10. The redistribution of rates from the Welsh Government back to the local authority amounted to £18.7 million in the same year. This shows a significant additional allocation based on the funding formula applied by the Government.

There has been a move toward the potential retention of business rates at the local level with the Local Resource Review from the English Government (see section overleaf) looking to establish a basis and process for rate retention. In Wales, the Government has recently set up a task and finish group to review business rates and their role in economic development. Clearly there is a need to consider the findings of this prior to deciding on a final form of any business rate relief offered. However it is clear there is a role for discounts in the Energy Island Zone given current conditions, competition for investment and the important role that discounts can have on encouraging growth in small and medium size firms.

4.1.2 Business Rate Reliefs and Discounts

Business rate reliefs offer a valuable incentive to attract small and medium sized enterprises. Recently the Welsh Government has extended the enhanced small business rates relief scheme for a further 12 months until the 30th September 2012. This means that over half the properties in Wales will continue to benefit from business rate relief and many will pay no rates during this period.

However there is evidence to suggest that business rate reliefs can push up rents[2] with landlords ultimately benefitting at the detriment to the business. Additionally consideration needs to be given to the timescale over which the discount will be offered and how any discounts will work alongside any moves to retain business rates at the local level.

State aid is also a consideration, with businesses able to benefit from discounts up to a maximum of €200,000 (or £55,000 per year) over a rolling three year period. The responsibility for administering this would ultimately fall to the local authority concerned so there would be some additional administration implications.

4.1.3 Empty Rate Reliefs

Empty business properties are exempt from paying business rates on empty property for three months after the property becomes vacant. There are additional exemptions for certain types of property or for properties under a set rateable value. These include industrial premises, such as warehouses, are exempt for a further three months.

A wider review of business rates is currently being undertaken for the Welsh Government led by Brian Morgan from Cardiff University. This will take on board evidence from across Wales and make recommendations as to the most effective use of business rates and associated reliefs to encourage economic development.

There are also specific circumstances on potential EZ sites where private sector partners promoting energy related projects could be adversely affected by the presence of a significant amount of empty floor space, for example Lateral Power on the Anglesey Aluminium site.

[2] PA Cambridge Economic Consultants, Final Evaluation of Enterprise Zones, HMSO, 1995.

4.1.4 Business Rate Retention

The Local Government Resource review has introduced proposals for a range of measures including local retention of business rates and TIF. The overall purpose of business rate retention is to act as an incentive for local authorities to encourage and promote growth as they would retain a share of the growth in rates.

The Welsh Government has recently launched a review of the business rates system within Wales. The power to retain business rates could form part of mechanisms to fund infrastructure and other investments through mechanisms such as TIF.

Given the current review it is not yet relevant to include this within the proposed EZ incentives. However if the mechanism does become available this should be given due consideration by the authority and EZ partners.

4.1.5 Capital Allowances

In certain circumstances, claim capital allowances can be claimed for expenditure on specific types of building improvement and renovation. As with all capital allowances, there are conditions that have to be met before they can be claimed.

The main allowances available on commercial and industrial property development are those relating to plant and machinery fixtures. Qualifying items include: most of the mechanical and electrical services; sanitary fittings; external solar shading; carpets; lifts; and other fittings and equipment. The potential list is large and will vary from building to building. Whether or not certain items may be allowable will be influenced by factors such as the use of the building in the taxpayers business and the building design.

Expenditure on plant and machinery or integral building features either qualifies for writing down allowances at the rate for the main pool, currently 20% or, if the fixtures are long-life assets, at the rate for the special rate pool, currently 10%.

The actual amount of allowances available depends on the actual cost of the plant and machinery identified in the construction contract. Given this it is essential that capital allowance planning is built in at the design stage of a development in order to provide clear evidence of qualifying costs and to maximise allowances claimed. Some estimations suggest early stage planning can increase the level of a typical claim by up to 20% relative to a claim that is made retrospectively with no forward capital allowance planning.

Whilst the level of capital allowance available on qualifying expenditure is lower (either 10% or 20% depending on type of expenditure) than enhanced capital allowance schemes there are still significant benefits available. There may also be the potential to improve these percentage rates for specific items (e.g. plant and machinery, industrial and commercial development) in EZs. This is an area for further discussion with the Welsh Government.

4.1.6 Enhanced Capital Allowances (ECAS)

ECAs operate as a tax relief by allowing expenditure on qualifying areas to generate a tax credit that can be deducted from a business's total tax bill. Businesses can write off the whole of the capital cost of their investment in qualifying technologies against their taxable profits of the period during which they make the investment. There are currently three ECA schemes which apply across the UK:

- Energy-saving plant and machinery.
- Low carbon dioxide emission cars and natural gas and hydrogen refuelling infrastructure.
- Water conservation plant and machinery.

These existing allowances should be promoted to developers and businesses as part of a comprehensive support package that is provided to businesses within the zone.

In addition to these commonly available enhanced allowances, the EZs in assisted areas in England, many of which are in direct competition for similar mobile investment, will be offering ECAs on plant and machinery. In order to effectively compete with these locations there is a need to offer at least the equivalent benefits within the Energy Island zone.

4.1.7 Deferred Payments on Land Sales

This is most appropriate where the local authority or government is the landowner. The approach has been used successfully to de-risk and bring forward development in a range of different areas (see case studies **appendix A**). There are potential sites where this approach could be used for example at Parc Cybi and Rhosgoch where the land is in public ownership. Progressing this option on relevant sites would obviously be dependent on further discussion with the owning organisation and potential development partners.

4.2 Other Financial Initiatives

The tools discussed above form the most obvious set of incentives that could be applied in the Energy Island EZ. At the same time there already exist a number of other potential sources of finance and support that could be utilised to complement the incentives available within the zone and promote sustainable growth.

Policy developments and thinking could also potentially offer the zone and wider authority area the ability to support economic development. The following section identifies a number of existing and potential initiatives that could be utilised in this context.

4.2.1 JEREMIE

JEREMIE is designed to help regions address directly the funding gap experienced by SMEs in securing finance in the market. The JEREMIE model comprises a holding fund into which the EIB, ERDF and domestic private and public resources can be placed to provide SMEs with a range of financial products through appointed financial intermediaries. The mix of products and size of the overall fund is dependent on the evidence of market failure. The fund 'revolves' to provide legacy funding for SMEs.

In Wales the JEREMIE fund is managed by Finance Wales and could potentially offer assistance to companies within the low carbon energy supply chain.

More recently the Wales Economic Growth and Wales SME investment funds have been announced which also offer good opportunities to access grant, loan, equity and mezzanine finance to support economic growth.

4.2.2 Regeneration Investment Fund for Wales (RIFW)

RIFW is an investment fund developed under the JESSICA framework utilising European and Welsh Government funding. The fund totals £55 million and typically provides finance of £3 to £10 million per project. The fund is a revolving investment fund that focuses on the convergence area and looks to fund commercial development projects in urban areas that have significant regeneration potential. Renewable energy is also a key criterion for the fund. Under EU legislation the project site must be included in an Integrated Plan for Sustainable Urban Development (IPSUD).

4.2.3 Green Investment Bank

Recent government announcements have identified offshore wind, commercial and industrial waste processing and recycling; energy from waste and energy efficiency will be the main priorities for the Green Investment Bank (GIB) up to 2016. The list of priorities remains dependent on European Commission approval under the state aid rules.

At least 80% of the funds committed by the bank over the spending review period will be invested in the priority sectors, with the rest spent across other areas of the low carbon sector. The Department for Business, Innovation and Skills (BIS) is setting up an internal team called UK Green Investments (UKGI) to provide early support for green infrastructure spending, using powers under section 8 of the Industrial Development Act 1982.

UKGI will be able to tap a £100 million fund made available by the government to invest in smaller waste infrastructure projects next year. A further £100 million has been provided for it to invest in non-domestic energy efficiency projects in the next financial year.

4.2.4 Prudential Borrowing:

The prudential capital system plays a key role in capital finance for local authorities. The key objectives of the prudential system are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code. The prudential borrowing route could offer a means by which the

Authority could help fund the necessary infrastructure to service the wider Energy Island investments.

4.2.5 Pension Funds

They could play a part in future local economic development. Though complex, if pension funds can be aligned with infrastructure creation, a large pool of finance could be released to assist with the development needs of local communities, while also helping to diversify and lend greater sustainability to local government pension. For example the Local Government Pension Scheme (LGPS) holds an estimated £132 billion of investments and is responsible for the pensions of 4.6 million members. This approach has been used in other vehicles including the North West Evergreen fund.

4.2.6 National Insurance Holidays

National Insurance (NI) holidays allow employers to reduce their overheads by reducing the level of employer NI they pay to HM Revenue and Customs. There are already existing schemes available for new businesses including the Regional Employer National Insurance Contributions (NICs) Holiday for New Businesses.

Under this scheme, for a limited period and subject to meeting certain conditions, new businesses may qualify for a deduction of up to £5,000 from the employer NICs that would normally be due - for each of the first ten employees they take on.

The employer NICs holiday is considered to be a 'de minimis State Aid'. This means there are certain EC regulations that those applying to the scheme are required to comply with. Most businesses will qualify for the scheme with the exception of those in the coal industry, road freight and export related activities.

Most business sectors can receive total de minimis aid of up to €200,000 over a continuous period of three years. New businesses will be entitled to the maximum deduction under the Holiday (of £50,000) where they:

- Have not previously received any de minimis State aid; or
- Have received a previous de minimis aid which when combined with the maximum deduction of £50,000 under the Holiday will not exceed this €200,000 limit.

This existing scheme could be a significant incentive for encouraging growth in new firms and could be extended beyond the qualifying period to further reduce the NI burden on the new firm. At the same time there is a need to consider potential assistance to existing firms that create “new/additional” jobs. By specifying that the NI holiday is for additional jobs once located in the zone this rewards firms for job creation rather than relocation.

The main issue here is the level of take up of similar schemes[3] where interest has been much more limited than anticipated and the administration burden significant.

At the level of individual workers, incentives such as National Insurance holidays could have a long term negative effect. Once the initial momentum created dissipates and short-term incentives for hiring individual workers expire, the prospects for a worker to achieve salary increases become limited. This can encourage more rapid churning of the labour force, as employees become dissatisfied, and firms increase staff turnover to gain new tax credits. This is a situation that has been observed in some of zones in the US.

This is potentially a measure worth considering for qualifying companies (low carbon energy sector) locating within the zone sites. Any NI holiday period for the employer should be for new employees only from the date at which the company locates within the zone.

4.2.7 Tax Increment Finance (TIF)

TIF is a way of funding infrastructure or other investment that unlocks regeneration and economic growth. TIF seeks to capture locally generated, incremental public sector revenues (e.g. non-domestic rates) that would not have arisen were it not for the delivery of "enabling" public sector investment. A local authority will use these incremental revenues to repay debt raised to pay for the infrastructure or other investment to be built.

The use of TIF will normally be predicated on a 'but for' test i.e. that but for TIF the anticipated outcomes from a regeneration and economic perspective would not occur or not occur in the timeframes which TIF would enable. A TIF project must therefore demonstrate, if it is to be taken forward, that the enabling infrastructure will unlock regeneration and sustainable economic growth that will generate additional (or incremental) public sector revenues that are capable of repaying, over an agreed timescale, the financing requirements of the enabling infrastructure.

Any TIF proposals should be supported through the development of a Business Case by a local authority, which should detail the justification, including the financial and economic cases, for utilising TIF to deliver investment within the proposed area, the basis for the selection of the chosen enabling infrastructure and why it's believed this infrastructure will deliver the growth and additionality envisaged. The TIF Business Case also details how the project will be delivered and also how risk is allocated and managed.

This is a useful tool that is included within the Local Resource review and could be available to authorities in England dependent on the outcome of consultation and subsequent legislation.

[3] National Insurance Holiday for Small businesses announced in June 2010 Budget, take up for which was just 1.25% of the anticipated level

4.2.8 Local Asset Backed Vehicles

A number of regional development agencies have historically set up fund structures for the transfer of all or part of their property assets. Examples include ONEDIN (One North East) and Blueprint (EMDA). A handful of local authorities have sought to establish similar delivery vehicles with, to date, varying degrees of success. Examples include Croydon Council's Urban Regeneration Vehicle and delivery vehicles for Tunbridge Wells Borough Council and most recently Bournemouth Borough Council.

Often referred to as Local Asset Backed Vehicles (LABVs), these vehicles have generally been formed to deliver a single objective (although potentially through the use of a number of development sites), raising finance through the leveraging of a specific portfolio of assets. Currently there is relatively limited interest given the recession and depressed property values and the development of such vehicles can be relatively time consuming and costly.

4.3 Further Considerations

4.3.1 Infrastructure Provision and Finance

Previous evidence on the impact of EZs shows that the ability to attract investment is heavily dependent on the characteristics of a site and the specific location as much, if not more than the incentives that may be available. Having sites that are in good locations, ready for development and that are well serviced by infrastructure (communication and transport networks, energy, water/waste water etc.) is essential.

Given this there is a need to ensure that there is sufficient investment in the required infrastructure to enable development and job growth. This is potentially an area where EU structural and Welsh Government funding could be provided to enhance and work with the EZ sites.

Wider infrastructure provision to enable investment and development within the EZ is essential. This would include investment in a range of critical infrastructure from communications (broadband and mobile coverage) through to power, transportation and water. This enabling investment will provide the means to attract investment and provide employment.

One of the clear messages from the private sector has been the need for an effective communication network. Here there are already good opportunities to build on the investment in the existing Fibrespeed network and expand the roll out of fibre to the premises across designated sites within the zone. This would utilise the Welsh Government's Next Generation Broadband procurement process to ensure that Anglesey is included in the initial rollout phase.

Clearly there is also a need to improve mobile reception coverage across the Island and investment to improve this should form the basis of an early win for the EZ.

As a TENS (Trans European Network) European route the A55 from Holyhead across Anglesey is eligible for new EU Infrastructure Funds post 2015. This could also provide additional impetus to the development of specific sites in close proximity.

On specific sites there will also be a need to look at other strategic infrastructure requirements. These needs vary across the candidate sites but will cover items including energy and communications infrastructure, transport links, water and waste water provision.

4.3.2 EU Structural Funding

There are a range of EU funds available which could be utilised to support firms and investment in EZ sites. These include financial instruments such as JEREMIE and JESSICA (see previous section). At the same time funding available through the current EU funding programme (2007-2013) could also be directed toward zone sites and qualifying companies.

Within the next round of funding there will be a significant emphasis on low carbon and renewable energy and this offers another good opportunity to enhance the existing investment and demand created through the Energy Island programme and EZ.

In order to improve the take up of the direct funding available there needs to be a staff resource to raise awareness with qualifying zone companies and aid them with the application process. This is considered further in section 2.3.7 which looks at softer measures which could be utilised to support investment.

4.3.3 Community Infrastructure Levy (CIL)

CIL came into force in April 2010. It allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes transport schemes, flood defences, schools, hospitals and other health and social care facilities, parks, green spaces and leisure centres.

Charging authorities must produce a document called a charging schedule which sets out the rate for their levy. The levy is intended to encourage development by creating a balance between collecting revenue to fund infrastructure and ensuring that the rates are not so high that they put development across the area at serious risk. These rates should be supported by evidence, such as the economic viability of new development and the area's infrastructure needs. The charge must be levied in pounds sterling per square metre. It will be collected, in most cases, as a cash contribution.

Planning obligations or Section 106 agreements (private agreements between the local planning authority and the developer) can continue to play an important role in helping to make individual developments acceptable to local planning authorities and communities.

Whilst giving businesses a range of incentives and tools to speed the process of development and investment, there is also a need to reflect on the other charges that may be applied to development and owners within the EZ.

Here a critical consideration will be the extent to which development is liable to pay the CIL. In the case of Anglesey it is likely that in most cases the viability assessment used to determine the CIL charging schedule will show that charges on industrial development will, given current land and property values alongside wider market conditions, make development unviable. It is unclear as to what the impact of CIL charges would have on commercial office development. More detailed work on viability allied to a clear infrastructure assessment and delivery plan would be needed to provide an informed view here.

4.3.4 Balancing Incentives and Tax Take

There is a need for balance in terms of what incentives are offered and what is foregone in tax charges which ultimately fund service provision. Whilst the Localism Bill in England will grant the power for Local Authorities to take decision on business rate discounts at the local level, any rates foregone through locally decided discounts will need to be covered by the Authority in question. The Welsh Government is currently reviewing business rates and their use as a stimulus to economic development. The change in policy that results from this and other considerations is not clear at the current time.

4.3.5 Welsh Economic Stimulus Package

In late November the Welsh Government made a series of announcements as to the Economic stimulus package and its emphasis over the next two years. This has included a recent announcement of an additional £3.5m investment in 2011-12 to support road enhancements required to secure the "right platform for growth in the private sector".

Alongside this was a range of other investment in programmes including ARBED, Young Recruits programme and Skills Growth Wales. These are all useful investment programmes which can be utilised alongside the EZ incentives. As with other parts of the review the key point here is how to effectively package the measures to bring about wider economic development objectives.

4.3.6 Minimising Displacement

Previous EZs have been shown to have a considerable displacement effect with firms moving short distances to take advantage of the incentives offered within the zone. To minimise displacement effects there will be a focus on energy sector and supply chain firms, where possible the use of incentives allied to new job creation e.g. NI holidays and business rate discounts by identifying the previous location of the firm and the ability to demonstrate a clear business plan with elements of employment growth.

4.4 Summary: Fiscal Incentives

It is clear that there are a range of useful tools and incentives already available that could be applied within the EZ and further afield. Developments in policy and Government thinking also have the potential to bring further powers to aid economic development at the local level.

The number of incentives and wider investment environment is already complex. To further complicate it with new measures would be counter productive at this point. For this reason we would suggest offering enhancements to existing measures within the EZ sites. This would include business rate discounts to firms located within the EZ up to the maximum level allowed under State Aid Rules.

Given the focus of the zone on low carbon energy and the ambition to capture high value added jobs there is a need to offer incentives that attract and support both research and development and manufacturing operations to the Island. Here enhanced capital allowances on plant and machinery should be included within the incentive package on sites suitable fir these types of uses. This is essential if the zone is to effectively compete with other locations that are looking to attract investment of this nature.

Whilst enhanced capital allowances on industrial and commercial development were ended in April this year, discussions should be undertaken with Welsh Government as to the potential and process for re-introducing them within the Anglesey zone. Evidence suggests that there is market failure within North Wales in relation to land and property development and in order to bring forward development the public sector has to play the lead role.

Property market conditions have worsened over the past three years which will only exacerbate the consequences of market failure. New commercial property developments have slowed across the UK but particularly in Wales.

These enhancements to capital allowances and business rates would sit alongside staff resources to co-ordinate the other potential funding (e.g. JEREMIE) and programmes (EU/Welsh Government/Local Authority) and offer advice, guidance and support to investors, developers and companies.

Critically there is a need for the public sector to play a role in funding infrastructure to facilitate and de-risk investment and provide the required conditions for private sector investment and sustainable economic growth. Critical here is early intervention to bring the communications infrastructure (mobile and broadband) up to a level that allows Anglesey to compete with other locations.

One of the main points from the review of fiscal incentives is the need to package measures together effectively to achieve the specific objectives of the Energy Island zone. The emphasis is on job and value added creation the incentives available need to offer the appropriate firms the opportunity to first locate and then grow. To this end the package of enhanced capital allowances, business rate discounts, deferred payments on land sales alongside infrastructure funding contributions from the public sector should provide the means to do this. This approach will build on existing opportunities, leverage existing public sector funding and new business investment by improving viability and filling gaps in the asset base and existing provision.

As policy develops and is implemented in areas including business rate retention, TIF and CIL, the Energy Island programme and team should look for further opportunities to use these tools and capture the benefits in a way which complements existing efforts.

Table : Scoring Of Potential Fiscal Incentives

	Criteria / Impact					
Incentive	**Demand & opportunity led**	**Jobs & GVA**	**Low carbon economy impact**	**Practicality/ Delivery**	**Legacy**	**Total**
Business rate discounts	5	3	4	4	3	**21**
Enhanced capital allowances	5	4	4	4	3	**20**
Deferred payments on land sales	4	3	3	5	4	**19**
Business rate retention	5	4	4	1	4	**18**
Tax Increment finance	5	4	4	1	4	**18**
National Insurance holidays	4	4	3	3	3	**17**

4.5 Planning Tools

4.5.1 Local Development Orders (LDO)

LDOs are an extension of permitted development rights, where for specific developments, planning permission is not required. The LDO could relate to all land in a local planning authority area or only to a part of that land including specific sites. This power is discretionary and intended to help speed up the planning system. LDOs will, in effect, grant permission for the development to which they relate and remove the need for planning application and associated application fees. LDOs are very similar in scope to Simplified Planning Zones.

LDOs can operate at a variety of scales and can be made to achieve a variety of objectives. Specific developments or specified classes of development can be defined. A fundamental feature of LDOs in practice should be that they represent a partnership approach to development management in appropriate circumstances.

The use of LDOs is seen by UK Government as the tool of choice for new EZ sites where appropriate circumstances are in place.

It is understood that the consultation by Welsh Government finished in October 2010 and that it considers that LDOs could be a valuable tool as follows:

- A mechanism whereby minor development can be managed more strategically.
- A way of reducing unnecessary planning applications being submitted.

Development rights already exist and operate informally across Wales as granted by Welsh Government. This Consultation relates to the proposal that Local Planning Authorities (LPAs) have discretion to make LDOs provided for by the Planning and Compulsory Purchase Act 2004 amended by the Planning Act 2008.

There are circumstances, for example large single owned business sites where an extension of permitted development rights to grant consent for minor work or certain types of 'facilitating' development could aid regeneration and development. Research carried out by the UK Government reveals that LDOs work best to encourage regeneration on single owned sites.

In England, 4 LDOs have been formally confirmed by the UK Government, although a number of planning authorities are actively considering LDO's and under pressure from UK Government to introduce these by April 2012 as part of EZs becoming live. There are 4 main stages:

- Draft LDO.
- Statutory consultation.
- Notification by Secretary of State.
- Adoption.

Dacorum Council proposes creating an LDO for small-scale renewable energy systems in its major business park. It is currently consulting on a draft LDO (April 2011). Cornwall Council is also using an LDO at Newquay Cornwall Airport in a partnership with Cornwall Development Company to give it the permitted development rights of private airports and to help develop an aviation related business park.

London Development Agency is preparing an Energy LDO in relation to a district heating transmission network. It is intended that this may permit:

- Site investigations, enabling works and temporary works and development.
- Below-ground works, i.e. trenching and laying of pipe and other apparatus.
- Above ground apparatus and street furniture.
- Small buildings and building extensions.
- Works in the public highway.

Research undertaken by the Planning Advisory Service suggested several reasons why an LDO may be a good idea as set out below:

- Promote employment - Adopt LDO as part of a shift to a more locally driven planning regime that provides a simplified planning consents process in specific areas where there is potential or need for business growth.
- Generate renewable energy - Simplify planning procedures for installing infrastructure to help implement local initiatives for a low carbon economy e.g. improved energy efficiency – potential benefits could include no procedural delays associated with making an application certainty of outcome.
- Support master planned development - Enable development to be undertaken in accordance with a formally agreed masterplan.
- Promote innovation and regeneration - Encourage innovative approaches to development on sites with multiple owners or occupiers.

From our research it is clear that most authorities intend to use LDO's on sites which are broadly development ready where acceptable uses are already established. The use of LDO's is likely however in most cases to come with a series of conditions akin to a normal planning consent. In the case of Central Park, Darlington part of the Tees Valley EZ the following conditions are being suggested on the draft LDO:

- Design of development to accord with borough wide design SPD.
- Development to achieve BREEAM very good as a minimum.
- If development gives rise to the need for an Environmental Impact Assessment then this triggers a standard planning application process (i.e. the LDO cannot be used).

- Development will be approved if there is no adverse impact on listed buildings, flood risk, protected species, local highway network or gives rise to issues of ground contamination.

The Energy for New Anglia EZ at Lowestoft and Great Yarmouth has energy as its theme similar to Anglesey and it plans to use LDOs across all 7 of its EZ sites and in some cases beyond the boundary of the EZ.

4.5.2 Summary: Planning Tools

Based on this initial review it seems that the use of LDOs may be appropriate in order to speed up the planning process. The use of an LDO may offer advantages in delivering energy infrastructure where specific proposals are known.

It is anticipated that those sites which are more development ready will be more suitable for LDO designation. This is likely to include sites at Parc Cybi and Llangefni Industrial Estate for example.

In order to determine if use of LDOs is appropriate to introduce we will need to:

- Explore the pros and cons of them in more detail in relation to short listed sites in consultation with IOACC officers.
- Assess the value and benefits of likely applications.
- Scope the resource implications of implementation.

4.6 Softer Measures

Alongside the potential fiscal and planning incentives that could be made available there are a range of other measures that need to be considered. In the light of previous evidence on the impact of incentives within EZs there is a need to ensure that appropriate support for skills development, training and employment growth is provided to companies. Critical here is that any support provided is streamlined and does not over burden businesses with administration and extra red tape.

Packaging these types of programmes and support with relevant financial incentives provides a greater possibility that benefits, particularly new jobs created, can be captured by the local workforce. Here it is important to use existing resources and organisations knowledge to maximise the use of local labour.

In the Energy Island context this type of support is critical. The labour force in the energy sector has an older than average age profile and is shrinking in size due to a limited number of new entrants. At the same time unemployment is high and good job opportunities for younger people are relatively scarce.

There are also skill gaps and shortages within the local labour force which need to be addressed if private sector investment is to be levered in and the benefits of additional employment captured locally. Here partners are already making significant investment and progress in addressing these issues through initiatives such as the Energy and Fabrication Centre at Coleg Menai, the Prentis Menai apprenticeship scheme and the development of bids to the NDA to support skills development and local employment. These factors mean it is essential that the zone provide incentives and levers relevant programmes in this context.

4.6.1 Promotion and Inward Investment

Promotion and marketing of the EZ and constituent sites is critical to the EZ's success. Support and resources from the Trade and Investment team at the Welsh Government will be needed to maximise the reach of the EZ to attract low carbon energy companies to invest. A clear marketing strategy needs to be developed to promote and sell the EZ to firms from across the globe.

The Welsh Government's Economic Renewal Programme published in July set out changes to its delivery of trade and investment services in Wales. It confirmed that business support in the future will focus resources on where they can add most value, acting as an enabler of growth for the Welsh economy. A sector based approach to business development is being followed with teams to generate investment in each sector; this includes a team focused on energy and the environment.

4.6.2 Apprenticeships in Wales

The Welsh Government provides a range of support to encourage employers to take on apprentices. There are over 190 different apprenticeships available covering a range of sectors and qualifications. Apprenticeships can be used to support new recruits or existing workers can be enrolled on to an apprenticeship.

Recent announcements by the Welsh Government have seen additional funding allocated toward investment in jobs and training for younger age groups through this and other related schemes.

This investment dovetails well with initiatives on the Island to promote skills development and training in the energy and construction centres. By offering demand led training and encouraging investment in the energy sector from supply chain firms there is excellent potential to provide a clear transition from training and apprenticeship to long term employment. . At the more local level the Prentis Menai scheme provides support to increase the number of younger people in apprenticeships in the energy sector.

4.6.3 Jobs Growth Wales

Jobs Growth Wales will provide unemployed young people aged 16-24, with a job opportunity for a six month period. Participants will be paid at or above the National Minimum Wage for a minimum of 25 hours per week.

The programme will cater for those that are job ready but have had difficulty securing employment. It will also provide a more supportive environment for those who need it, to access and make the most of this opportunity to help them progress into sustainable employment. It will provide the work experience valued so highly by employers which so many young people, of differing skills and abilities, find the most significant barrier to securing that first step into employment.

It will offer job-ready participants an enhanced package of support from day one of unemployment, with the focus on supporting the individual to remain in, or progress into, sustained employment, where appropriate through an apprenticeship.

4.6.4 STEM activities

One of the key issues for the Energy sector is the availability of suitably skilled labour. In general terms the workforce within the sector has a much older age profile than other industries. Many existing workers are approaching retirement age and there has not been a subsequent influx of younger talent to effectively replace these skills.

At the sub-regional level there has been significant investment from the public sector including organisations such as Coleg Menai, Nuclear Skills Academy Nuclear alongside investment from private sector through organisations such as Magnox in developing a well skilled workforce.

Energy sector companies locating in the zones could be offered discounted rates on staff training and skills development as part of a wider package of measures to attract investment and new companies into the zone sites.

4.6.5 Co-ordination of Assistance

The review exercise undertaken across the range of incentives emphasis the complexity and scale of different programmes, initiatives, funding streams and financing options that are available. There are two key points to take from this:

1. A clear and appropriate package of measure is needed which are closely aligned with the objectives of the zone.

2. There is a need for a single point of contact, advice and guidance to businesses locating in the EZ to ensure clarity, effective targeting of support and maximum return on that investment.

To this end resources should be provided to establish a team to provide the interface with EZ businesses. This resource could potentially be based within the existing Energy Island team.

4.7 Summary: Softer Measures

Previous evidence and the work undertaken as part of this review highlight the importance of focusing incentives on the objectives of the zone. In this case the focus is job and business growth in the low carbon energy sector.

Critically this investment should also help to address the specific economic issues at the local level namely unemployment, the limited number of job opportunities for people of all ages but with a focus on younger age groups and the need to balance and enhance the structure of the local economy.

In order to tackle these issues there is a pressing need to ensure that programmes to fund apprenticeships, workforce training and skills development are promoted and offered not only to low carbon energy firms in the zone but companies across the Island and North Wales.

All of the softer measures reviewed will play an important role in securing short and longer term benefits for North Wales and should be seen and included as a central element in the zone package. Below we provide a high level assessment of the different incentives against the key objectives. Scores are based on a scale of 1 to 5 with 1 relating to a lower level impact /relevance and 5 a high level impact/relevance to the objective.

Table: Scoring of potential softer measures

Incentive/Tool	Demand /opportunity led	Jobs/GVA	Low carbon economy contribution	Deliverability	Total
Coordinating assistance	5	5	5	3	**18**
Promotion and inward investment	5	4	5	3	**17**
STEM activity	4	3	5	3	**15**
Apprenticeships	3	4	3	4	**14**
Jobs growth Wales	3	4	3	4	**14**

4.8 Enterprise Zone Sites

The following section identifies and reviews the potential sites that could be included within the EZ designation. In order to identify the most appropriate sites for EZ status we have utilised our recent work on the employment land review for the authority as an evidence base and also linked the site appraisal process back to the key objectives for the EZ (section 1.5) and criteria (section 2.2.4)

- **Demand and opportunity led** - building on existing and planned investment.
- **Create Jobs/GVA impact** – have a focus on employment creation.
- **Contribute to the low carbon economy and promote sustainable economic growth** - – capitalise on growth opportunities and existing policy and programmes to reduce carbon emissions and rebalance the economy.
- **Deliverable** produce economic impacts in the short term and leave a longer term legacy.

4.8.1 Employment Land Review

URS is currently preparing a joint Economic and Employment Land Review on behalf of the Isle of Anglesey County Council and Gwynedd Council. This report will provide an assessment of the local economic prospects for the Anglesey and Gwynedd Planning Authority Area (which excludes the Snowdonia National Park) and the current and future provision of employment land to meet the needs of the area to 2026. Thus far the following work has been undertaken:

Stage 1: *'Taking stock of the existing situation'* – this has involved an assessment of existing employment land stock in quantitative and qualitative terms to reach a view on whether any existing employment sites should be considered for non-employment uses.

Stage 2: *'Creating a picture of future requirements'* has involved a critical review of property market trends and prospects for key segments alongside projections of future employment growth sectors at district level. Employment forecasts have been translated into land requirements using a bespoke methodology.

We have begun to identify a new portfolio of sites involving an assessment of current supply, as defined in stage 1 against future requirements and opportunities identified in stage 2 to determine key gaps in provision and the potential ways to facilitate delivery of a suitable range of quantity and quality of employment sites to serve the economic needs of both areas. It is anticipated that the ELR will be complete by end December 2011/early January 2012.

What is clear from the economic profile is that despite a relatively positive period of employment and productivity growth prior to 2008 the effects of the recession have had a major detrimental impact on North West Wales. Anglesey in particular has seen major job losses in manufacturing and the impacts of public sector budget cuts and redundancies are likely to have a significant negative impact on economic activity in the authority area over the next few years.

Despite the widespread negative implications of the recession and subsequent low growth there are some positive opportunities including the Energy Island programme which will play a major role in the Welsh Government's Energy policy going forward. Similarly investment including Lateral Power and the Land and Lakes proposals at the Anglesey Aluminium site provide evidence of private and public interest and good news for the wider area.

Demand

In terms of predicting demand for employment land the econometric forecasting predicts a sizeable (skewing) effect from a contracting manufacturing base which results in negative figures for B2 (general industrial) uses with limited demand for B1 (business) and B8 (storage and distribution) uses.

From a logical economic development perspective there will continue to be a need to provide attractive affordable business space for inward investment and local need. There is likely to be a shift away from older poorer quality floorspace due to preference and operational requirements towards new and higher quality floorspace (EZ status will act as a catalyst here) and based on historic take up it is concluded that each authority should look to provide for 4 ha p.a. over the plan period equating to 56 ha respectively or 112 ha combined. The site for the nuclear new build at Wylfa should be treated without this figure given the specialist nuclear facility use.

Supply of Employment Land

The sites are divided into prime and secondary sites located in the two authorities. The prime sites are those that are likely to be more attractive to the market and are more likely to be developed in the short term. Secondary sites may be in inferior locations in terms of access/market presence compared with prime sites but they retain an important role as they represent opportunities that are highly relevant to the Energy Island Programme or serve a local need in more remote or rural areas.

The majority of employment sites located on the Isle of Anglesey are within the main towns of Holyhead and Llangefni. Anglesey has 203 hectares of secondary employment land. This imbalance is caused due to large sites at Rhosgoch and Anglesey Aluminium. The key sites identified on Anglesey that form the potential employment land identified in stage 1 are set out below:

- Parc Cybi
- Bryn Cefni
- Proposed new nuclear build at Wylfa
- Rhosgoch.

- Site of former Anglesey Aluminium.
- Creamery land/land north of Llwedigan farm, Llangefni.
- Gaerwen Industrial Estate.

Consultations

Consultations with local economic development players has revealed an recent increase start up activity in a range of businesses including welding, lifting, property maintenance ventures by individuals made redundant from Anglesey Aluminium although the lack of suitable business premises has acted as a barrier. It was suggested that start ups and newly developed small/medium enterprises have need for premises across a range of business types which are:

- Affordable.
- Flexible/hybrid premises offering a combination of office, workshop and storage.
- Available on easy in/easy out terms – quick occupational arrangements avoiding long lease commitments.
- Offer collaborative environments which foster transfer of knowledge and provide shared business mentoring, administration and support services.
- Located in recognised business locations.

Private sector led employment development of traditional business parks and industrial estates are limited in provision both now and historically. Market failure caused by absence of commercial viability has meant that Welsh Government has been instrumental in bringing forward schemes through public subsidy. The latest example of this is a warehouse and B1 use class scheme with a lorry park by Conygar at Parc Cybi.

Several Energy Island Programme projects involving private sector investment are however already taking shape and leading to take up of sites. Land is being acquired by HNP as part of the planned new nuclear facility at Wylfa and sites to house construction workers and to provide park and ride facilities are under consideration. Lateral Power is progressing with plans for a new Biomass power station and ancillary food production at the Anglesey Aluminium site near Holyhead. Alongside this are Land and Lakes proposals to develop workers accommodation on other parts of the Anglesey Aluminium site Interest is also being shown in the large former Shell site at Rhosgoch in relation to energy related uses.

A new £6 million Energy Skills Centre has recently opened at the Coleg Menai campus at Llangefni. The Centre will provide the specialist welding & steel fabrication skills that are needed for nuclear decommissioning at the nearby Wylfa Power Station and also for the construction of new nuclear build.

The college has emerging further plans to develop additional mostly Greenfield land at the Llangefni campus to create an energy related science park. This is subject to current masterplanning work and is understood to involve additional of land which could be linked to Parc Bryn Cefni via new road infrastructure routed to the west of the town. The vision involves incubator units and business park type development based on the creation of a nuclear skills hub at the campus. The ELR will need to consider if it is appropriate to include this site within the new portfolio of employment land balancing economic need and opportunity with wider planning considerations.

Consultations with nuclear industry stakeholders conclude that the decommissioning of Wylfa A and the new nuclear build will give rise to additional need for sites and premises for Horizon and its direct supply chain and also indirectly for a range of other local businesses. Discussions are ongoing with Horizon to better articulate the likely need and demand for land and premises.

Despite limited public and private sector resources the draft ELR highlights the opportunities that the proposed nuclear new build at Wylfa and wider Energy Island Programme offers the North Wales region.

Summary

Overall in quantitative terms it is considered that Anglesey has sufficient supply of employment land up to 2026. **However the portfolio is mixed in quality and deliverability**, some sites are fully accessed whilst others are in need of new or improved access infrastructure or suffer from other site constraints such as demolition. It is clear based on consultations that even those sites which are ready to develop suffer from viability issues (cost exceeding value) and that incentives provided under Enterprise designation will be extremely important to help secure investment in an ever increasing uncertain economic climate. In both authority areas the reality of limited resources is likely to mean that investment in sites will need to be prioritised and guided by deliverability and strategic economic and planning fit.

Making the most effective use of the combined resources and powers available from the public sector including EU programmes, EZ status, prudential borrowing alongside land and property assets is essential if private investment is to be levered in and jobs and value added created. Subsidy derived from introducing higher value non B use class employment alongside other higher value uses should be positively considered to improve viability and prospects for delivery of employment space alongside such other higher value uses.

There are clear plans and ambitions for the future which can help to steer investment from the private sector and de-risk potential investments. This is critical in an area that has suffered from a lack of speculative development from the private sector.

4.8.2 Site Profiling and selection of sites for potential EZ Designation

The draft ELR has identified a number of sites (excluding the Wylfa new build nuclear site) to constitute a new portfolio of employment land. Inclusion of additional sites at Coleg Menai's Llangefni campus and the existing Wylfa A site (to provide temporary space for the planned new nuclear build) will need to be considered in finalising the portfolio.

For the purposes of designation of land as an EZ the selection of sites logically closely correlates with the findings of the ELR, as noted previously there are also a number of specific considerations which are relevant (see objectives section1.5 and criteria section 2.1.9):

- There should be a focus on evidence of demand and opportunity.
- There is a need to focus on sites that can deliver job creation and private investment.
- The zone is focused on energy sector and energy related companies.
- Sites should be of sufficient size to enable delivery of maximum investment and impact.
- There should be a strong prospect of sites being deliverable during the life of the EZ with a focus on short tem outcomes but with the ability to create sustainable growth over the longer term.

These considerations were used to determine a series of criteria from which it is proposed to formulate a long list for further consideration for formal EZ designation. The criteria adopted to arrive at a long list of sites:

- Identified as a primary or a secondary site within the Draft Economic and Employment Land Review Study for the Anglesey and Gwynedd Planning Authority.
- Job creation and investment potential.
- Suitable or potentially suitable for Energy sector and related uses.
- Scale/Capacity.
- Deliverability (including access, ownership, planning, contamination, infrastructure requirements).

Of the sites identified in the draft ELR the following 4 sites were discounted from consideration on a long list and these together with reasons are set out below:

- Land adjoining Mona Airfield (8.94 ha) – the site is in a secondary location and there are better located traditional industrial estates such as Bryn Cefni. Having too many sites of questionable quality is likely to dilute the aims of the EZ - prioritisation is necessary.

- Kingland Enterprise Centre (0.77 ha) - site is too small to meaningfully consider for EZ.
- Lairages, Holyhead (0.08 ha) – the site is too small to meaningfully consider for EZ.
- Pentraeth Industrial Estate (3.5 ha) - the site is greenfield and in a secondary location. The greenfield Creamery land and land north of Llwedigan farm is better located in market and planning and larger in size - prioritisation is necessary.

The remaining sites plus the potential site at the Coleg Menai campus including the adjacent Dafarn Newydd site and the Land and Lakes proposal at Anglesey Aluminium were scored and ranked using the above criteria and the results are set out overleaf.

This provided a long list of potential sites for inclusion within the EZ and the basis for undertaking an initial impact assessment to provide estimates of zone size, job creation and potential costs (e.g. business rates forgone). More detailed profiles of each of the sites are set out in **appendix b.**

Long listed sites

	Anglesey Aluminium, Holyhead (EZ1)	Parc Cybi, Holyhead (EZ2)	Penrhos Industrial Estate, Holyhead (EZ3)	Land and Lakes proposals, Holyhead (EZ4)	Holyhead Port, Holyhead (EZ5)	Bryn Cefni Industrial Estate, Llangefni (EZ6)	Creamery Land / Land North of Lledwigan Farm, Llangefni (EZ7)	Land at Coleg Menai and Dafarn Newydd Site, Llangefni (EZ8)	Gaerwen Industrial Estate, Gaerwen (EZ9)	Former Shell tank farm, Rhosgoch (EZ10)
Gross site area (hectares)[4]	92	108	10	207	98	57	25	38	115	82
Developable area/footprint (hectares)[5]	54	53	3.5	NA	10*	18	25	15	22	82
Jobs growth and investment potential	√√√	√√√	√	√√√	√√√	√√	√√	√√	√	√
Identified as a primary or a secondary site within the Draft Employment Land Review	√√	√√√	√√	X	X	√√√	√√√	X	√	√√
Suitable or potentially suitable for Energy Use	√√√	√√√	√	√√	√√√	√√	√√	√√√	√√	√√√
Scale/Capacity	√√√	√√√	√	√√√	√√	√√	√√√	√√	√√	√√√
Deliverability (Covering accessibility ownership, planning, contamination, infrastructure requirements)	√√	√√√	√√√	√√	√√	√√√	√	√	√	X
Score -	**13**	**15**	**8**	**9**	**9**	**12**	**11**	**7**	**7**	**8**
Ranking	**2**	**1**	**=7**	**=5**	**=5**	**3**	**4**	**=9**	**=9**	**=7**

	Key: Scoring to predict fit with EIP EZ objectives
√√√	Excellent Fit (Scores 3)
√√	Good Fit (Scores 2)
√	Acceptable Fit (Scores 1)
X	Poor Fit (Scores -1)

4.9 Consultation

A list of consultees was provided by the client group in order to gain views on the incentives, tools and sites that should be considered in developing the EZ proposal. This included a range of stakeholders from the public and private sectors.

The consultation exercise also utilised findings from the recent economic and employment land work. This related piece of work sought views on the supply and demand of employment land and premises across the Island, identifying market failure issues, as well as qualifying and adding depth to the quantitative analysis.

4.9.1 General points

Building on existing initiatives and investment

One of the clear messages from those interviewed was the need to utilise existing programmes and funding alongside any additional or enhanced incentives that could be utilised within the designated EZs. It was felt that the current economic environment and limited resources made using existing funding initiative and targeting essential. To this end there was also a view that there needed to be a focus on the sites and projects which offered the greatest chance of success and employment creation.

It was felt that businesses within the EZ should be given priority access to existing funding mechanisms as well as support in applying for these sources. Opening up this idea further the possibility of developing a dedicated Energy Island funding programme under the post 2013 structure funds was also proposed. This could effectively link to the existing programme and workstreams. In this way there would be a ready made framework to guide investment and quickly realise impacts in the short term.

The Energy Island programme was identified as the wider framework to guide and target activity and investment. The programme was felt to bring together the relevant public and private sector actors in a useful forum which could be built upon, rather than having to develop new governance arrangements for managing the zone.

A range of other potential programmes and finance sources were identified. Examples included the Regeneration Investment Fund for Wales (RIFW) and other investment funds managed by Finance Wales, Welsh Government programmes to fund apprenticeships and other mechanisms including Tax Increment Finance.

Packaging measures

There was also discussion around the need to provide a package of measures taking into account the specific local circumstances, existing development plans and the wider policy objectives at a local and national level. This should include a mix of financial incentives and direct funding, training and skills development programmes, business support and streamlined planning. By offering a co-ordinated package it was felt that the impact of the zone would be more effective.

Infrastructure funding and investment

Providing public sector funding for infrastructure investment was seen as a critical means of bringing forward development and enabling investment in specific sites. One of the key difficulties that the Island has faced has been generating demand and job growth. Part of the problem here has been the lack of private sector investment in new development. To address this requires the public sector to play a role in helping provide the necessary strategic infrastructure (energy, transport, communications, water/waste water) to de-risk investment and properly service development sites.

There was an emphasis on first tackling the basic infrastructure needs and here there was a call for quick investment to upgrade the mobile and broadband communications network. Investment in new social infrastructure and services to support wider development was also identified as a key area where the public sector could play a role.

4.9.2 Fiscal Incentives

Packaging /Use of exiting resources

As with the general discussion those consulted felt there was a need to package any fiscal incentives with the right tools to stimulate labour demand as well as capital investment from firms locating in the zone.

Business rates

Business rate incentives should be carefully considered in light of the wider review of business rates by the Welsh Government and the previous evidence of what works. It is essential that businesses look to use the additional resources freed up by the business rate discount to invest in new labour.

Empty rate reliefs should also be extended enhanced to avoid penalising sites where there is significant empty floor space that will not be utilised for a significant period of time due to suitability, quality and development phasing.

Capital allowances

A number of those interviewed felt that enhanced capital allowances should be included as a tool in the EZ package, this would apply to plant and machinery but should also look at the possibility of use for the construction of industrial and commercial buildings. In a similar vein R&D grants/tax allowances were felt to be required to help achieve the demonstration element of the Energy Island vision.

Other measures

A range of other measures and incentives were identified including for potential inclusion:

- Tax Increment Finance should be looked at as a possible mechanism to allow the Isle of Anglesey County Council to fund public infrastructure including roads and enabling infrastructure.

- National insurance holidays for firms within the zones could be considered as a way to encourage employers to take on additional staff.
- As was the case with the more general discussion funding for enabling infrastructure featured prominently in the type of incentives that consultees felt should be provided to complement the EZ.

4.9.3 Planning tools

It was felt that radical simplification of the planning process with relaxation of planning requirements/ fast tracking of the planning process was necessary to make construction quicker and cheaper and reduce the overall risks associated with development projects.

In discussion on Local Development orders it was felt that these would be appropriate would be appropriate on a number of sites particularly on those where development could be brought forward quickly i.e. sites serviced by appropriate infrastructure, where there was evidence of market demand and where any proposals were not so far along in the planning process as to make an LDO irrelevant.

Simplifying planning was felt to be particularly important in the Anglesey context in providing greater certainty to developers and investors and improve the chances of development coming forward.

4.9.4 Softer measures

Education and skills development

This was a common theme within the consultations and identified as of major importance to capturer the benefits of investment locally and help ensure that there was a longer term impact and legacy from the EZ and Energy Island investments.

The emphasis was on investment in education and training at all ages from school through to workforce development. University and Technical training college grants were identified as a major impetus to producing a virtuous circle of jobs, development and innovation. Skills development at a school level should be encouraged with additional funding for apprenticeship schemes being seriously considered.

Support to businesses within the zone for apprentice training and skills development in construction and operation of energy facilities and developments was highlighted by a number of individuals. This should involve utilising the facilities and staff at Coleg Menai's recently developed energy and fabrication centre.

There was also a call for Welsh language training for employees of companies locating to the zone in order to aid integration of new staff with the culture of North Wales.

Promotion and marketing

The importance of co-ordinated marketing and promotion of the EZ and Energy Island to potential investors across the globe was identified as an essential measure. Here it was felt that Welsh Government resources should be prioritised toward the EZ for marketing inward investment, destination marketing and trade opportunities.

4.9.5 Sites

Small business needs

Consultations with local economic development players has revealed an recent increase start up activity in a range of businesses including welding, lifting, property maintenance ventures by individuals made redundant from Anglesey Aluminium although the lack of suitable business premises has acted as a barrier. It was suggested that start ups and newly developed small/medium enterprises have need for premises across a range of business types which are:

- Affordable
- Flexible in use and lease terms (hybrid premises offering a combination of office, workshop and storage space)
- Offer collaborative environments
- Located in recognised business locations

Business park development

Private sector led employment development of traditional business parks and industrial estates are limited in provision both now and historically. Market failure caused by absence of commercial viability has meant that Welsh Government has been instrumental in bringing forward schemes through public subsidy. The latest example of this is a warehouse and B1 use class scheme with a lorry park by Conygar at Parc Cybi. Further investment in supporting infrastructure was a key role where the public sector could provide the additional impetus and share risk with existing and potential private sector developers and investors.

Energy Island programme and developments

Discussions and previous knowledge identified several Energy Island Programme projects involving private sector investment which are leading to the take up of sites. Land is being acquired by Horizon as part of the planned new nuclear facility at Wylfa and sites to house construction workers and to provide park and ride facilities are under consideration. Lateral Power is progressing with plans for a new Biomass power station and ancillary food production at the Anglesey Aluminium site near Holyhead. Interest is also being shown in the large former Shell site at Rhosgoch in relation to energy related uses.

A new £6Million Energy Skills Centre has recently been opened at the Coleg Menai campus at Llangefni. The Centre will provide the specialist welding & steel fabrication skills that are needed for nuclear decommissioning at the nearby Wylfa Power Station and also for the construction of new nuclear build.

The college has emerging further plans to develop additional mostly Greenfield land at the Llangefni campus to create an energy related science park. This is subject to current masterplanning work on additional land which could be linked to Parc Bryn Cefni via new road infrastructure routed to the west of the town. The vision involves incubator units and business park type development based on the creation of a nuclear skills hub at the campus.

Consultations with nuclear industry stakeholders conclude that the decommissioning of Wylfa A and the new nuclear build will give rise to additional need for sites and premises for Horizon and its direct supply chain and also indirectly for a range of other local businesses. Discussions are ongoing with Horizon to better articulate this likely need and demand for land and premises.

The discussions and our previous work on employment land show that there are a number of sites that can provide the basis for economic development in the short term. At the same time there are issues in relation to the quality and location of some of the existing supply that need to be addressed.

In order to ensure a strategic approach to economic development and the supply of land for development there is a need to consider the potential sites that can provide for growth opportunities over the medium and long term. Here there are a range of sites that provide potential these include extensions to existing employment areas at Gaerwen, potential reclamation and expansion at Holyhead port and the proposals at Coleg Menai. What is clear form the consultation is that these sites present real opportunities on which the EZ status and incentives can build over the short, medium and long term.

Having considered the existing policy, evidence, incentives, tools and opinions the following section goes on to outline the proposed sites and incentives to be included within the EZ.

5. ASSESSMENT

The following section provides a summary of the key messages from the consultation process and the proposed incentives and sites to be included within the EZ. We also present a summary of the potential impacts of the zone sites looking principally at the potential employment impacts and the potential business rates that could be generated.

5.1 Proposed Incentives

The following section outlines the proposed incentives for the EZ taking into account current policy, local conditions, existing evidence on incentives and initial discussions with stakeholders.

5.1.1 Business rates discount

Rationale: To encourage investment from small and medium sized business in the EZ and to incentivise investment in new jobs.

The business rate discounts would be offered to new and existing businesses operating within the low carbon energy sector and supply chain. Limiting the scope of business rate discounts to Energy related businesses (based on an agreed SIC code definition) will help to reduce the overall cost of the incentive and help to avoid displacement issues that have been evident in previous generations of Enterprise Zones.

Discounts are limited by EU state aid law, up to a de minimis threshold of €200,000 over a rolling three-year period, the equivalent of approximately £55,000 per year. The Isle of Anglesey will be required to ensure that businesses do not receive greater levels of support. We would propose to set the discount at 100% and have provided estimates of the rates foregone on this basis.

5.1.2 Enhanced Capital allowances

Rationale: To provide enhanced capital allowances on plant and machinery to attract large scale, high value added manufacturing, research and development activity from energy sector and supply chain companies. The focus here is on attracting larger inward investment projects to boost supply chain opportunities and complement the business rate discount incentive.

There is a need to provide a package for Anglesey which is as attractive to inward investors, if not more so, than competing locations (including other EZs in Wales and England). This means at least matching the incentives available elsewhere.

There is also a need to consider the potential to include capital allowances for the development of industrial and commercial buildings to help stimulate land and property development on the Island given the identified market failures. Further discussion with Welsh Government and the Treasury would be required to investigate the possibilities here.

5.1.3 Deferred payment on land sales

Rationale: Where sites are in public ownership there should be a drive to encourage and bring forward development by deferring payment for land. At the same time developer agreements should ensure a clear basis for the development going forward and a set of relevant quality standards to ensure all EZ development contributes to the low carbon economy. This approach would help share risk and reduce on development and reduce the initial costs of development to the private sector. At the same time this offers some control to the public sector in relation to standards and design. Given the issues around lack of private sector property development activity and the presence of publically owned sites this approach fits local circumstances and the wider economic strategy well.

5.1.4 Local development orders

Rationale: Enabling developing to be delivered in a shorter time frame with reduced planning requirements. This will help de-risk investment and lead to a quicker realisation of the economic benefits.

5.1.5 Single point of contact

Rationale: To ensure that firms locating in the EZ get the best possible service and access to development finance and programmes from the public sector. In turn this enables the best use of limited public resources on the best opportunities for growth.

Alongside the specific EZ incentives there is a need to engage and utilise a range of existing public sector initiatives and related funding to complement and maximise the impact of the EZ. Here the existing Energy Island programme provides the framework for directing resources working in conjunction with EU, Welsh Government and Local Authority funding and programmes.

5.2 Long listed sites

The sites selected for inclusion within the draft prospectus are summarised below. Further detail on individual sites is provided within the site profiles (appendix b). The sites have been selected on the basis of the EZ objectives (section 1.5), the relevant assessment criteria (section 3.5) and recent work on the Employment Land Review.

The sites will be shortlisted for inclusion within the final proposal to the Welsh Government (see recommendations section)

5.2.1 Anglesey Aluminium - EZ1

Site Area: 91 Hectares (gross site area) 54 hectares (development proposal footprint)

Description: Strategic site with existing energy sector development (permission granted for a Biomass plant) and the Lateral Power Eco Park proposals.

Rationale: The existing opportunity through Lateral Power allied with the Land and Lakes proposals on adjacent sites has the potential to provide a major boost to employment on the Island. In total a review of the development proposals suggests the ability to deliver over 1000 jobs during the construction and operational phases of the proposals. This is a significant investment for the Island which has excellent potential to provide jobs for the local workforce.

5.2.2 Parc Cybi - EZ2

Site Area: 108 hectares (Gross site area**)** 53 Hectares (remaining development area)

Description: Parc Cybi is the island's premier business site located close to the A55. Holyhead Port and the proposed nuclear new build at Wylfa.

Rationale: This is a strategic site within the Welsh Government's property portfolio. There is an existing masterplan for the development of the site and existing proposals for development. The site has all the relevant infrastructure provision including a direct link into the fibre optic spine that runs along the A55. This allied with the proximity of the site in to the proposed nuclear new build at Wylfa, Holyhead Port and wider development proposals including Land and Lakes means the site is well positioned to take advantage of supply chain opportunities in the low carbon energy sector.

5.2.3 Penrhos Industrial Estate - EZ3

Site Area: 3.5 Hectares (potential area for development)

Description: Located close to Junction 2 of the A55, on an existing industrial park in Holyhead with potential design and build opportunities for the low carbon energy supply chain.

Rationale: The plots at Penrhos are in close proximity to other Energy Island projects and EZ sites and provide good potential for supply chain firms supporting the development of larger scale investments. The site also has the necessary infrastructure provision to bring forward development in the short term.

5.2.4 Land and Lakes Proposals - EZ4

Site Area: 207 Hectares (subject to planning)

Description: Part of a wider redevelopment of the Anglesey Aluminium site with potential for employment and economic growth in the low carbon energy sector and supply chain.

Rationale: The sites location close to Holyhead Port, the proposed nuclear new nuclear build at Wylfa and the Lateral Power Eco Park and biomass developments suggests that there is good synergy between the sites and potential for the proposals to offer energy related employment and development opportunities.

The proposals create a significant impact in terms of jobs both during construction and operational phases, would provide a significant proportion of worker accommodation for the nuclear new build and a sustainable long term legacy use for the site which would complement the Island’s tourism offer and accommodation.

5.2.5 Holyhead Port, Holyhead - EZ5

Site Area: 98 Hectares (Gross site area) 10 hectares (potential development area)

Description: The deep water port facilities at Holyhead and surrounding premises and development plots provides a number of opportunities to take advantage of the potential investment in the offshore wind Round 3 zone, existing supply chain firms role in the offshore renewables market and the proposed nuclear new build.

Rationale: The port presents numerous opportunities for supply chain firms to locate on available vacant sites alongside potential new site opportunities. Alongside short term expansion for existing occupiers in the low carbon energy supply chain (offshore wind power) there are longer term opportunities in the marine renewable sector where Anglesey already has a demonstration project. The site provides significant potential to contribute to the Energy Island objectives to place Anglesey as a premier location for technology development and as a major supplier to the low carbon energy sector.

5.2.6 Bryn Cefni Industrial Estate - EZ6

Site Area: 57 Hectares (Total Estate Area) 18 hectares (potential development area)

Description: Existing industrial estate with mix of office and light industrial uses on the edge of Llangefni, close to the A55 offering design and build opportunities for the low carbon energy supply chain.

Rationale: Bryn Cefni Industrial Estate is considered to be appropriate for Enterprise Zone designation. The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for energy uses on the site as it provides good access to the primary road network and any energy related development would be located with appropriate existing uses.

There is evidence of demand for energy uses with a planning application recently been submitted on a parcel of land on the site (land adjacent to Peboc Industrial Estate) for a 17MW solid biomass co-generation plant and a 14MW liquid biomass plant. The site could also be linked with the proposals at Coleg Menai and the Creamery Land to provide a larger estate for economic growth over the longer term.

The available land located within this site appears to be well served by road infrastructure. However, there is likely to be a need to provide services such as electrical, water supply, surface water drainage and sewerage on each of the sites.

5.2.7 Creamery Land, Land north of Ledwigan Farm - EZ7

Site Area: 25 Hectares

Description: Site located close to the existing Bryn Cefni Industrial park and Junction 6 of the A55 with potential to accommodate industrial and office uses.

Rationale: The sites offer well located Greenfield development opportunities and are allocated in the current UDP as prestige employment land (sites S11 and S23). The two sites could play a temporary role in supporting the new nuclear build construction programme by offering park and ride facilities for construction worker movement. In the medium term the sites offer good potential to expand the existing industrial park and ensure a good supply of quality employment land. There are a range of constraints that need to be addressed including infrastructure provision and flood risk issues on the northern site.

5.2.8 Land at Coleg Menai - EZ8

Site Area: 38 Hectares (potential development area subject to planning)

Description: A well located site adjacent to the recently opened Energy Centre at Coleg Menai and close to Junction 6 of the A55. Potential for medium term mixed use development including office and light industrial to create a cluster of energy related uses.

Rationale: The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for energy uses on the site, particularly as there are existing energy related uses.

Earlier in 2011, the Energy Centre was completed on the site. The facility houses low carbon energy technology and training facilities. An outline masterplan has been put in place to extend the college towards the east of the existing campus. Proposed new development includes new road infrastructure, a renewable/green business park, an incubator business unit, a national construction college and a college/community leisure facility. Development would be subject to planning and offers the potential to link with Parc Bryn Cefni via new road infrastructure routed to the west of the town.

5.2.9 Gaerwen Industrial Estate, Gaerwen - EZ9

Site Area: 115 hectares (gross site) 56 hectares (EZ site) 59 hectares (subject to planning)

Description: Located close to Junction 7 of the A55, the site includes existing industrial uses with significant potential for expansion.

Rationale: The existing estate has a range of industrial uses and is identified as a potential prestige employment site within the UDP. There is spare capacity within the existing estate and potential to extend with infill sites and expand towards the junction with the A55. This provides short and long term opportunities for low carbon energy businesses.

5.2.10 Former Shell Tank Farm, Rhosgoch - EZ10

Site Area: 82 Hectares

Description: A strategically located site close to the proposed nuclear new build at Wylfa with potential for supply chain firms and supporting development.

Rationale: The site is in single ownership and this offers good potential for bringing development forward quickly. Anecdotal evidence suggests there are a number of parties interested in purchasing the site. Located relatively close to the proposed nuclear new build there are a range of potential uses for which the site could be considered including sub-station use and potential workers accommodation.

5.3 Impacts

The impacts of the long listed zone sites in terms of employment creation and business rate revenues are presented below. These figures are based on an analysis of the existing and potential future floorspace available, conversion factors for gross to net areas, rateable values and multiplier, alongside assumptions on identified sites and more detailed information on specific developments where this is available.

5.3.1 Employment creation effects

Having identified the potential list of EZ sites an estimate of the employment impacts was made based on the areas available for development and a range of assumptions including the plot ratios, development footprints, mix of uses, gross to net floor area conversions, employment densities, gross to net impact conversion factor. At the same time supporting information for the existing development proposals was also used to help qualify the assumptions and impact figures. The employment estimates show that the sites that have been identified have the potential to provide an estimated 5000 net additional jobs based on the assumptions made. This also excludes parts of the sites that are still subject to planning.

Table: Net additional employment potential of long listed EZ sites (best case scenario)

Site	Employment estimate (net additional)[6]
Anglesey Aluminium (EZ1)	600
Parc Cybi (EZ2)	1500
Penrhos Industrial Estate (EZ3)	150
Land and Lakes (EZ4)*	270
Holyhead Port (EZ5)	100
Bryn Cefni Industrial Estate (EZ6)	500
Creamery Land/ Lledwigan Farm (EZ7)	700
Land at Coleg Menai / Dafarn Newydd (EZ8)*	200
Gaerwen Industrial Estate (EZ9)*	850
Former Shell tank farm, Rhosgoch (EZ10)	130
Total	**5000**

* Reserve site following short listing

[6] Figures are rounded

5.3.2 Business rate discounts and revenues

Offering business rate discounts to qualifying businesses[7] locating within EZ sites will mean that business rate revenues will be affected. In order to understand the extent of business rates foregone an analysis has been undertaken of the EZ sites. This aims to understand:

- The extent of the **existing property**, rateable values and business rate revenue that is available and could be taken up by qualifying businesses
- and the extent of business rate revenues from **potential new development** on EZ sites which could be taken up by qualifying companies.

Here we have made a number of assumptions relating to rateable values based on the latest available data[8], current business rate multiplier, the mix of uses and floor space on sites, vacancy rates and the rate at which floor space could be taken up. Further detail on the approach is included in appendix c. The figures presented show the maximum rates forgone based on assumptions relating to the proportion of floorspace taken up by eligible businesses. In reality State Aid limits will mean the actual revenues foregone are likely to be lower than predicted given that individual businesses are limited to £55,000 per business over a rolling three year period.

The figures presented below provide a range of potential scenarios based on the percentage of new and existing property that is taken up by qualifying businesses to identify the potential business rates forgone (further detail is provided in appendix c).

Table: Estimated business rate revenues forgone on long listed EZ sites (new and existing property) 2013-2018

Percentage of new property taken up by qualifying businesses[9]	Maximum business rates forgone 2013-2018
3%	£535,230
10%	£841,840
20%	£1,279,854
40%	£2,155,882

[7] To be discussed following agreement of definition of low carbon energy sector (see section 1.3), suggested approach would be to use SIC based definition at 2 digit level.

[8] Valuation Office Agency data on specified bulk classes and Isle of Anglesey business rate data.

[9] Assumptions as to the proportion of existing floorspace taken up by eligible businesses are based on existing employment in the energy sector and knowledge of the development proposals for existing sites.

5.4 Recommendations

Following further analysis of the costs and benefits alongside consultation and review with stakeholders we recommend that the following sites are included within the formal proposal to the Welsh Government.

- EZ1 Anglesey Aluminium
- EZ2 Parc Cybi
- EZ3 Penrhos
- EZ5 Holyhead Port
- EZ6 Bryn Cefni Industrial estate
- EZ7 Creamery Land / Land North of Lledwigan Farm
- EZ 10 Rhosgoch

This does not rule out the remaining sites from the long list (EZ4 Land and Lakes, EZ8 Land at Coleg Menai/ Dafarn Newydd and EZ9 Gaerwen) which are identified as reserve sites in the revised prospectus. These are still considered relevant. However all or part of the sites are not allocated within the current development plan and as such require more work to establish their planning case and formal adoption. In addition the infrastructure constraints at Gaerwen alongside affordability issues and overall scoring suggest this is a longer term prospect than the other sites. The possibility of extending the EZ and the timing for this will be considered in light of further discussion and the progress of the EZ generally.

5.4.1 Implications

Having shortlisted from ten to seven proposed sites the resulting impacts are subsequently reduced. The evidence base has been edited to highlight the shortlisted and reserve sites and revised estimates for employment and business rates are provided in the following tables:

Table: Net additional employment potential of short-listed EZ sites (best case scenario)

Site	Employment estimate (net additional)[10]
Anglesey Aluminium (EZ1)	600
Parc Cybi (EZ2)	1500
Penrhos Industrial Estate (EZ3)	150
Holyhead Port (EZ5)	100
Bryn Cefni Industrial Estate (EZ6)	500
Creamery Land/ Lledwigan Farm (EZ7)	700
Former Shell tank farm, Rhosgoch (EZ10)	130
Total	**3680**

Table: Estimated business rate revenues forgone on short listed EZ sites (new and existing property) 2013-2018

Percentage of new property taken up by qualifying businesses[11]	Maximum business rates forgone 2013-2018
3%	**£474,665**
10%	£726,835
20%	**£1,087,077**
40%	£1,807,561

[10] Figures are rounded

[11] Assumptions as to the proportion of existing floorspace taken up by eligible businesses are based on existing employment in the energy sector and knowledge of the development proposals for existing sites.

5.5 Next steps

The evidence base document shows that there is a sound case for Enterprise Zone designation and incentives for specified sites across Anglesey. A revised prospectus has been produced following the discussion and endorsement by the Economic Development scrutiny committee and other stakeholders. This revised evidence base and prospectus will then be discussed with the Commissioners Board and their endorsement sought prior to formal submission to the Welsh Government.

There will be further consultation and dialogue with stakeholders about the development and operation of the Enterprise Zone including consultation on planning arrangements for specific areas within the Zone.

Appendix A Case Studies

Malmo, Sweden

About

Malmö is Sweden's third largest city with a population of about a quarter of a million. The City adopted a 10-year high-level planning strategy – the Comprehensive Plan. This covered the whole city but also targeted several specific strategic locations for intensive action to act as a lever for more widespread activity. One of these was the former site of the Kockums shipyard – Vastra Hamnen or Western Harbour. The area of the harbour is about 140 hectares.

Need for regeneration

Malmö suffered serious industrial decline during the 1970's and 1980's. Employment, which had been based predominantly on manufacturing and shipping, dried up as many factories closed. Ship production at the Kockums shipyard ceased completely in 1986, depriving the city of its largest employer. By the late 1990s the population was declining and wealthier residents had moved into surrounding municipalities, leaving pockets of severe deprivation.

Success factors and incentives

- Western Harbour has been converted into a vibrant commercial and residential area including a new university, a popular seafront promenade, new businesses and some light industry and employment in the Western Harbour has returned to the levels enjoyed during the heyday of Kockums Shipyard.
- **The opening of a bridge across the Øresund** has been a major catalyst for regeneration. It has significantly improved transport links not just between Copenhagen and Malmö, but between Sweden and the rest of Europe.
- The opening of the "Turning Torso", an architecturally innovative landmark building in the Western Harbour.
- Malmö City Council encouraged open discussion and partnership with private developers. Before any land was sold, a dialogue was opened up with any party interested in investing in the area. This enabled cooperation and yielded results in the agreed quality programme and shared costs of public spaces. As a condition of building rights, developers had to meet standards laid down by the city in regard to architectural quality, character of public space, building performance and materials.
- An acclaimed flagship housing exhibition pioneering sustainable development was held in 2001 – the European Home Exhibition.
- The City of Malmö **has access to a variety of financial grants and funding for adaptation initiatives from the EU and Swedish government**. Numerous EU-financed projects have been implemented in the city within the areas of technology and environment, culture, labour market, sustainable city planning, social issues and education. For example, the city accesses the EU's Green Tools for Urban Climate

Adaptation funding program for the installation of the green facades and rooftops in Malmö, which reduce the effects of flooding and heat waves caused by climate change.

- The Swedish government has various funding programs to accelerate sustainable urban development at the municipal level. For example, Sweden's Local Initiatives Program (LIP) provides grants to mitigate local environmental problems (started in 1997 600 million Euro). The LIP provides funding normally up to 30% of the project and is cost-shared with business and the municipality. Certain aspects of the Western Harbour and the Augustenborg projects were funded in part by the LIP, and cost-shared with business and the City of Malmö.

- **Smarter public finance in Scandinavia as a whole**: Scandinavians have opened up markets to competition (for example housing societies are now independent businesses). Cities have benefited from acquiring reserves of development land. Municipal banks enable local authorities to borrow for capital projects. Major infrastructure projects such as the Copenhagen Metro have been undertaken through a joint company set up between the government and the City of Copenhagen. Finance has been raised through 40 year bonds repaid by selling off land for development. Land value uplift in the new town of Ørestad and at Nordhavnen is effectively paying for Copenhagen's new metro lines, while Malmö has attracted a multiplicity of private developers to build what the city wants.

Rotterdam, Netherlands

About

Rotterdam is the second largest city in the Netherlands after Amsterdam and has a population of 600,000 living in an area of 300km2. It has the largest port in Europe, which is the natural base for large container ships and oil tankers travelling between continental Europe and the rest of the world.

Need for regeneration

In the 1970s technological improvements in logistics meant that the port needed more space and moved west towards the sea. At the same time people moved out of the city into two new towns on the city's edge, which had been built as part of the government's 'growth area' policy to deal with city overspill. The population of the city declined from its 1965 peak of 730,000 and many of the districts close to the city centre fell into decay. By the 1980s, the city centre was in a barren state with few people living there and very little good office space or attractive public space. It was recognized that to attract people to live and work in Rotterdam this needed to be addressed.

Success factors and incentives

- Aimed to change its 'blue collar' image through cultural renaissance and to attract international investment. 60 major cultural projects were undertaken, including; A new library, IMAX cinema, information centre, an extension to the museums, a new art gallery, new maritime museum, and an improvement of public spaces, avenues and boulevards.
- This was coupled with **significant investment in transport infrastructure** including a new tram system.
- The Municipality of Rotterdam is able to find **funding for its regeneration from a variety of sources:**
    - National funding for national priority projects, and especially large infrastructure projects;
    - Municipality funding through their share of taxation;
    - Investment raised for the city through the Rotterdam Development Corporation, the part of the municipality that manages the city land bank and economic development of the city;
    - Private investment raised through public private partnerships; and
    - Housing association investment.
- The development of central Rotterdam has been a Netherlands national priority since the early 1990s. This has helped to concentrate national funding on key projects such as the Erasmus Bridge, and the refurbishment of the area around the train station to

welcome the new high speed link from Paris. This prioritisation of Rotterdam as part of the Randstad has been essential to the regeneration of Rotterdam, helping find resources to manage the economic structural change from port to administrative centre.

- Dutch **spatial planning emphasises the comprehensive integration of sector policies** allowing cross departmental working and the integration of infrastructure provision with planning considerations.
- **Most regeneration and urban planning responsibilities are delegated to a local level**, allowing room for local leadership to develop.
- The Forth National Policy Document on Spatial Planning was followed in 1991 by a supplementary document known as VINEX. This established the target to achieve 600,000 houses by 2010 and identified specific sites for development located on the edge of existing cities.
- Some of the Rotterdam VINEX developments **required significant subsidy** that could not be covered from sales and rent revenues. Such deficits were estimated on the basis of cost estimates and a single fund established to cover them, comprising:
    - Contributions from national government under the VINEX covenant;
    - Contributions from the municipalities, calculated using a formula based on their population size; and
    - Contributions from planning gain from sites across the region.
    - A second fund of 15 million Euros (£10 million) was established from a levy on each newly built dwelling to fund nature and recreation areas and infrastructure projects.

Hafen City, Hamburg, Germany

About

The Hafen City Harbour project is an inner city harbour redevelopment project in a UNESCO listed site. It is currently Europe's largest inner city development project and a blueprint for development at the waters edge. The project aims to redevelop the harbour area (157 hectares) over the next 20 years. Previously the main forms of economic activity conducted in the area were ship-building and warehousing. The aim of the project is to redevelop the site, which is in close proximity to Hamburg city centre, into a mix of residential property consisting of 5,500 units housing 12,000 people) and to provide 1.8 m sqm of office space. In total the Hafen City Company will invest €1.1bn for infrastructure development into the area with a private investment expected to be five times higher.

Need for regeneration

At present only 14,000 people live in the centre of Hamburg and the project aims to substantially boost the number of people resident in the city. Hamburg has been losing population to other Lander thereby denuding the tax base of the Lander so a key aim of the project is to encourage people from surrounding areas back into the city.

Success factors and incentives

- Hafen City was founded, as a company owned purely by Hamburg City, during the 1990s and tasked with buying back land in the project area which was not owned by public authorities.

- The company is responsible for developing the physical infrastructure before office space is developed and for public amenities in areas of housing.

- Aims to set **European standards for quality of buildings** and therefore encourages developers to invest who want to demonstrate quality and innovation (rather than just financial clout).

- Developers have a key advantage, in that, **financing of the purchase price is delayed until after the process is concluded** giving them more time to improve quality, secure finance and acquire additional users if needed. At the same time the city retains its ability to intervene during the development process – ensuring quality concepts are adhered to. If a developer fails in its obligations the land can be easily repossessed.

- The city state of Hamburg is the land owner. The capital market is used and the credit is used to raise finance to develop infrastructure which is then repaid from land sales.

- However, **Hafen City offers no financial incentives or tax breaks for developing within the area.** There are very close working relationships between the city state of Hamburg, HafenCity Hamburg GmbH and the private sector. The agency acts as a lobbyist, attempting to attract private investment into HafenCity in a way that shares risks and costs.

- To induce private sector success, Jürgen Bruns-Berentelg, CEO of HafenCity Hamburg GmbH, states that the important factors are: relating the project to the overall strategy of the city; in appropriate spatial strategy; reducing risk; increasing competition; increasing transparency; reducing free rider strategies/coordination time-wise; increasing innovation and quality; and increasing diversity and creating market niches. The private sector firms involved are mainly property firms, large corporate companies, investors and smaller companies which will be tenants.

- The City has successfully integrated high density residential living, commercial activities and public space. **The space is designed to make walking and access to public transport easy, to minimise flood risk and control noise pollution**. The buildings all qualify for high eco-labels and carbon emissions are managed by using renewable energy sources for heating. Both market mechanisms and government regulations are used to keep property prices low but competitive, and still maintain eco-friendly standards.

Appendix B Site profiles

Site Description:	**Anglesey Aluminium, Holyhead (EZ1)**
Size	91 hectares (gross site area) 54 hectares (development footprint)
Ownership Details	Anglesey Aluminium Ltd.
Potential Use(s)	B1, B2, B8
Opportunities	
What potential demand is there for energy use(s) on the site?	High – The sites location close to Holyhead Port and its proximity to the proposed nuclear new nuclear build at Wylfa provides demand for energy related uses. There are currently a number of energy use(s) proposed for the site.
Are there any energy use(s) currently associated with the site?	The site was previously used as the Anglesey Aluminium smelting works. At present there are no energy sector uses associated with the site.
Have any planning applications been submitted on the site?	Planning permission has recently been granted by the DECC on the site for a 299MW renewable energy biomass power plant. It is predicted that the new power plant will provide enough energy to supply the average annual demand for 300,000 homes. A planning application is also due to be submitted in Spring 2012 for an Eco Park on the site, which will incorporate high-tech aquaponic centres to produce fresh fish and vegetables. The developer is Lateral Power. In total, the works proposed by Lateral Power will incorporate 54.6ha of the site. It will utilise a number of existing buildings on the site and the rail and port infrastructure that is already in place. Land and Lakes is also proposing to develop a leisure resort in Holyhead, which will incorporate land adjacent to the site. The scheme could potentially include housing for workers building the proposed new nuclear build at Wylfa.
Job creation and investment potential	During construction of the biomass power plant, 600 workers will be involved at the peak of construction activity. Once operational, the power plan will directly employ around 120 people. The eco park will create around 300 more jobs with approximately 140 in hydroponics and 120 in the aquaculture facilities. We have estimated an overall net job impact of 566 jobs.
Constraints	
Environmental designations	Beddmanarch Cymyran SSSI is located towards the south east of the site.
Planning related designations/issues	The site is an existing employment site although the scale of operations have been scaled down significantly over the last 5 years
Infrastructure requirements	Rail head / port jetty development plus investment in electrical grid infrastructure are key investments to help facilitate the development
Telecommunications (fixed broadband and mobile coverage)	The areas that are incorporated within the site are located close to the A55, which has recently had a high speed broadband link installed along it. This will ensure that high speed broadband coverage will be available on the site.

	The site has mobile coverage for a number of networks.
Access to the site (proximity to primary road network – A55/A5)	The site lies adjacent to the A55
Ownership	The site is currently owned by Anglesey Aluminium Ltd.
Physical constraints (site remediation /demolition requirements)	Where existing buildings cannot be used on the site, demolition will be required. Due to the previous use of the site, remediation could potentially be an issue. This would require further investigation.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	Enhanced Capital Allowances on plant and machinery would be appropriate in this context given the scale of the development and the large potential economic impacts. There is also a strong argument to extend empty rate reliefs to cover a longer period on this site given the scale of the existing accommodation relative to the need of development proposals. The payment of rates on the existing empty accommodation could prove a significant constraint to the development of the proposals.
Planning Tools	The use of a Local Development Order is unlikely to be appropriate on the site as plans (and subsequent planning permissions) are already in place for proposed development on the site.
Softer/Complementary initiatives	EU structural funds and programmes (current and post 2013) potentially through the development of a dedicated Energy Island funding programme. Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai. Business, Enterprise, Technology and Science (BETS) business support measures. Access to discounted training programmes for energy and construction related activity through local FE providers supported by local and Welsh Government funding.
Summary of Rationale	
The site is considered appropriate for Enterprise Zone designation. The sites location close to Holyhead Port and its proximity to the proposed nuclear new nuclear build at Wylfa make it an excellent proposition for energy related uses. The site is easily accessible from the A55 and already has good infrastructure in place (including existing rail and tunnel access to the port). The site also has sufficient broadband and mobile coverage. There are currently a number of energy use(s) proposed on the site, including a 299MW renewable energy biomass power plan (recently granted planning permission) and an Eco Park on the site, which will incorporate high-tech aquaponic centres to produce fresh fish and vegetables. The developer for these two proposals is Lateral Power. There are also plans to develop a leisure park in Holyhead, which will incorporate part of the Anglesey Aluminium site. The wider proposals from Land and Lakes could potentially include housing for workers building the proposed new nuclear build at Wylfa.	

Site Description: Parc Cybi, Holyhead (EZ2)	
Size	108 hectare (gross site area) 53 hectare – (potential area for development)
Ownership Details	The site is currently owned by the Welsh Government.
Potential Use(s)	B1, B2 and B8
Opportunities	
What potential demand is there for energy use(s) on the site?	High – The proximity of the site in relation to the proposed nuclear new build at Wylfa and Holyhead Port could potentially provide demand on the site for a range of direct energy uses and development to support energy projects (offices, warehousing and manufacturing) at the site.
Are there any energy use(s) currently associated with the site?	No energy uses are associated with the site.
Have any planning applications been submitted on the site?	Yes - In May 2010, Conygar Investment Company PLC submitted and obtained outline planning consent for two developments totalling 110,000 square feet at the site. The proposed development will consist of distribution and warehousing space for the transport operators who use Holyhead port and provide facilities not currently available to commercial users of the port.
Job creation and investment potential	When the initial planning application was submitted, it was estimated that the development would create 450 jobs. The recent plans for the development of part of the site as a transport hub and lorry park estimated that a total of 70 jobs would be created. Parc Cybi is one of the best employment sites on the Island, well located close to the A55 and near to a number of the Energy Island developments and the port at Holyhead. There is already evidence of market demand with the recently approved deal for the ConygarStena joint venture. The site provides one of the best opportunities to realise investment through the Energy Island programme. In addition to the Conygar development there is a significant area of land for development. Taking into account relevant plot ratios, developable areas and employment densities alongside assumptions on the split of uses there is potential for approximately an estimated additional 1500 jobs on the site.
Constraints	
Environmental designations	The site is located in an Area of Outstanding Natural Beauty (AONB). Beddmanarch Cymyran SSSI is located towards the south east of the site.
Planning related designations/issues	This site is allocated within the Ynys Mon Local Plan (adopted in 1996) (site S1) for employment use.
Infrastructure requirements	The infrastructure built as part of the first phase of the site development to facilitate the development of business units includes around 1,500m of new carriageway, including

	earthworks and a bridge over the existing lane of Lôn Trefignath, foul and surface water drainage systems, and utility supplies.
Telecommunications (fixed broadband and mobile coverage)	The site is located close to the A55, which has recently had a high speed broadband link installed along it. This will ensure that high speed broadband coverage will be available on the site. The site has mobile coverage for a number of networks.
Access to the site (proximity to primary road network – A55/A5)	The site is located adjacent to the A55, which is accessed via junction 2.
Ownership	The site is currently owned by the Welsh Government. However, recently the go-ahead has been given for the sale of a portion of the site (9 acres/3.6ha) to The Conygar Investment Company Plc.
Physical constraints (site remediation /demolition requirements)	There are no remediation/demolition requirements associated with the site. Extensive archaeological works were undertaken on the site as part of the infrastructure works to investigate and catalogue the archaeological remains present on the site.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	Parc Cybi is a well serviced and located site within public ownership and as such is one of the key sites in the existing portfolio. The site should be promoted and developed as a business park location and targeted at supply chain companies within the low carbon energy sector. Business rate discount incentives will be available to all low carbon energy sector companies locating on the site. There is also significant potential to offer deferred payments on land sales given the single public sector ownership on the remainder of the site.
Planning Tools	A Local Development Order could be appropriate for this site given the previous investment, infrastructure and masterplanning. It is suggested that the uses that could be built without planning permission could include B1, B2 and B8.
Softer/Complementary initiatives	A range of complementary softer measures will be relevant here including access to the single point of contact service to support new businesses in accessing relevant programmes and finance. Through this interface new companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures. Access to discounted training programmes for energy and construction related activity through local FE providers

	supported by local and Welsh Government funding.
Summary of Rationale	

Parc Cybi is considered to be appropriate for Enterprise Zone designation. The site is the Isle of Anglesey's prime employment site and is the obvious preferred site to support the supply chain need associated with the proposed new nuclear build at Wylfa and other Energy Island developments.

The site is fully serviced by new infrastructure (including new roads, foul and surface water drainage systems and utility supplies), which was delivered on the site as part of the first phase of its development. Outline planning consent was gained on the site in May 2010 for distribution and warehousing uses. There are currently plans in place to develop a transport hub and lorry park on part of the site.

Site Description: Penrhos Industrial Estate, Holyhead (EZ3)	
Size	3.5 ha (potential area for development)
Ownership Details	The site is owned and run by the Isle of Anglesey County Council. The work that has been taken place on the site so far has involved a £3.5M investment by Anglesey County Council to provide four 400sqm business units, four 150sqm units, and a number of development plots.
Potential Use(s)	B2, B8
Opportunities	
What potential demand is there for energy use(s) on the site?	High – The sites location close to Holyhead Port and its proximity to the proposed nuclear new nuclear build at Wylfa could provide a demand for a range of direct energy uses and development to support energy projects (offices, warehousing and manufacturing) at the site. Although the sizes of the different plots on the site may restrict the type of energy related use that could be appropriate.
Are there any energy use(s) currently associated with the site?	There are no energy uses associated with the site.
Have any planning applications been submitted on the site?	There have been no planning applications recently submitted on the site.
Job creation and investment potential	Further development on the site has the potential to create 143 jobs.
Constraints	
Environmental designations	Beddmanarch Cymyran SSSI is located towards the south east of the site.
Planning related designations/issues	The area towards the south of the site is allocated within the Ynys Mon Local Plan (adopted in 1996) (site S13) for employment use.
Infrastructure requirements	The road infrastructure is in place on the site to service new development on the vacant plots.
Telecommunications (fixed broadband and mobile coverage)	The site is located close to the A55, which has recently had a high speed broadband link installed along it. This will ensure that high speed broadband coverage will be available on the site. The site has mobile coverage for a number of networks.
Access to the site (proximity to primary road network – A55/A5)	The site is located on the east side of A55 Junction 2.
Ownership	The site is owned by the Isle of Anglesey County Council.
Physical constraints (site remediation /demolition requirements)	There are no buildings present on any of the plots that would require demolition. There are no obvious remediation issues associated with any of the plots on the industrial estate. However, this could require further investigation.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	Business rate discounts would be offered as a means to encourage investment from small and medium size

	businesses within the low carbon energy sector supply chain. There is also significant potential to offer deferred payments on land sales given the single public sector ownership on the remainder of the site.
Planning Tools	Not applicable
Softer/Complementary initiatives	A range of complementary softer measures will be relevant here including access to the single point of contact service to support new businesses in accessing relevant programmes and finance. Through this interface new companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures. Access to discounted training programmes for energy and construction related activity through local FE providers supported by local and Welsh Government funding.
Summary of Rationale	
The site is considered appropriate for Enterprise Zone designation. The sites location close to Holyhead Port and its proximity to the proposed nuclear new nuclear build at Wylfa suggests that there would be demand for energy related uses. Works have already been undertaken on the site by the Isle of Anglesey County Council to deliver four 400sqm business units, four 150sqm units, and a number of development plots. Some of the units are currently occupied, whereas others are vacant. The vacant development plots are serviced by the road infrastructure in place on the site.	

Site Description: Land and Lakes Proposal, Holyhead (Anglesey Aluminium) (EZ4) RESERVE SITE	
Size	207 hectares (excluding most easterly part of proposed development site)
Ownership Details	Multiple ownership
Potential Use(s)	Proposals are in place to develop a new resort on the site.
Opportunities	
What potential demand is there for energy use(s) on the site?	High – Due to its location in close proximity to Holyhead Port and the site of the proposed new nuclear build at Wylfa, there is potentially a demand for energy uses on the site. The development would also play a role in the supply of workers accommodation and act as a source of demand for the output from the Biomass power development.
Are there any energy use(s) currently associated with the site?	No – There are no energy uses currently associated with the site. However, the proposal for the site will provide an opportunity to deliver self contained workers accommodation for the proposed new nuclear build at Wylfa in the short term.
Have any planning applications been submitted on the site?	No planning applications have been submitted on the site. However, proposals are in place on the site to develop a new leisure resort on a series of sites within Holyhead. The leisure resort will include approximately 500 lodges and cottages, cafes and bars, indoor sports and play, shops and a waterpark. The planned submission date for the planning application is June 2012.
Job creation and investment potential	Based on the information we have on the development proposals we estimate a total of 600 gross and 275 net additional jobs will be created.
Constraints	
Environmental designations	Beddmanarch Cymyran SSSI is located towards the south east of the Penrhos element of the site
Planning related designations/issues	None of the areas that form the site are allocated within the Ynys Mon Local Plan (adopted in 1996).
Infrastructure requirements	There is currently no infrastructure in place to service any of the areas proposed on the site. If access is to be gained from the primary road network, then appropriate access arrangements would need to be put in place. At the same time there is a need to provide the strategic infrastructure including power, water/waste water and communications infrastructure.
Access to the site (proximity to primary road network – A55/A5)	The areas that are incorporated within the site are within close proximity to the A55.
Ownership	Multiple ownership
Physical constraints (site remediation /demolition requirements)	There are no buildings present on any of the plots that would require demolition. There are no obvious remediation issues associated with any of the plots on the industrial estate.

	However, this could require further investigation.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	At this point in time the proposals are focused on the provision of accommodation rather than employment/business uses. Further discussion of the potential to offer incentives in this context is required linked to the complementary nature of the development and its role in providing workers accommodation and demonstrating sustainable residential development through links with the Lateral Power biomass development. There may be a case for both enhanced capital allowances and business rate discounts on this site.
Planning Tools	Further discussion is required here as to the suitability of an LDO for the site. Whilst an LDO could potentially speed up the development process – particularly in relation to the provision of CHP heating system components. However there needs to be further consultation and agreement on the inclusion of the sites within the EZ designation.
Softer/Complementary initiatives	A range of complementary softer measures will be relevant here including access to the single point of contact service to support any new businesses in accessing relevant programmes and finance. Through this interface new companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures. Access to discounted training programmes for energy and construction related activity through local FE providers supported by local and Welsh Government funding.
Summary of Rationale	
Part of the site covered by the proposals is potentially appropriate for Enterprise Zone designation. The sites location close to Holyhead Port, the proposed nuclear new nuclear build at Wylfa and the Lateral Power Eco Park and biomass developments suggests that there is good synergy between the sites and potential for the proposals to offer energy related employment and development opportunities. The proposals create a significant impact in terms of jobs both during construction and operational phases, would provide a significant proportion of worker accommodation for the nuclear new build and a sustainable long term legacy use for the site which would complement the Island's tourism offer and accommodation. EZ4 will be placed as a reserve site rather than shortlisted for the EZ proposal due to the need to further develop the planning case for the proposals and have the site allocated in its entirety within the local development plan. The possibility of extending the EZ and the timing for this will be considered in light of further discussion and the progress of the EZ generally	

Site Description: Port of Holyhead (EZ5)	
Size	98 Hectares (Gross site area) 10 hectares (potential development area)
Ownership Details	Various including Stena Line
Potential Use(s)	The deep water port facilities at Holyhead and surrounding premises and development plots provides a number of opportunities to take advantage of the potential investment in the offshore wind Round 3 zone and NPower renewqables investment in marine turbines in the Skerries, existing supply chain firms role in the offshore renewables market and the proposed nuclear new build. At the same time there is also potential to expand the port's existing activities in the cruise ship and ferry (passenger and freight) sectors.
Opportunities	
What potential demand is there for energy use(s) on the site?	Potential opportunities include those relating to the construction, operation and maintenance of the Round 3 Offshore wind zone to the North of the Island alongside the Marine current turbine investment project in the Skerries
Are there any energy use(s) currently associated with the site?	Holyhead Boatyard incorporating Holyhead Marine currently constructs and operates wind farm servicing vessels and is expanding its operations at Holyhead.
Have any planning applications been submitted on the site?	No applications have been made in the past two years
Job creation and investment potential	Estimated 100 net additional jobs
Constraints	
Environmental designations	There are a number of environmental designations close to the designated area including AONB, SSSI
Planning related designations/issues	Identified/allocated within the stopped UDP. Some safeguarded/heritage designations
Infrastructure requirements	Improvements to the road network beyond the end of the A55. Improved and widened road access to Salt Island if further land is reclaimed for use. Dredging potentially required depending on port uses developed.
Access to the site (proximity to primary road network – A55/A5)	Well located at the end of the A55 but issues in terms of local traffic congestion particularly at peak ferry arrival departure times/
Ownership	Significant area owned by port operator
Physical constraints (site remediation /demolition requirements)	Some brownfield sites available around the edge of the area although these are relatively limited in size. Reclamation required to enhance development potential – this could result in impacts on the marine environment that would need to be assessed as part of any reclamation proposals or extensions to jetties etc.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	Enhanced Capital allowances to encourage large scale inward investment e.g. OEM for offshore wind
Planning Tools	

Softer/Complementary initiatives	A range of complementary softer measures will be relevant here including access to the single point of contact service to support new and existing businesses in accessing relevant programmes and finance. Through this interface companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures. Access to discounted training programmes for energy and construction related activity through local FE providers supported by local and Welsh Government funding.

Summary of Rationale

The port presents numerous opportunities for supply chain firms to locate on available vacant sites alongside potential new site opportunities. Alongside short term expansion for existing occupiers in the low carbon energy supply chain (offshore wind power) there are longer term opportunities in the marine renewable sector where Anglesey already has a demonstration project. The site provides significant potential to contribute to the Energy Island objectives to place Anglesey as a premier location for technology development and as a major supplier to the low carbon energy sector.

Site Description: Bryn Cefni Industrial Estate, Llangefni (EZ6)	
Size	57 (gross site area including existing uses) 18 hectares (potential area for development)
Ownership Details	Multiple ownership
Potential Use(s)	B1, B2, B8
Opportunities	
What potential demand is there for energy use(s) on the site?	High – The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for a range of direct energy uses and development to support energy projects (offices, warehousing and manufacturing) at the site which provides good access to the primary road network.
Are there any energy use(s) currently associated with the site?	No – At present, there are no energy uses associated with the site.
Have any planning applications been submitted on the site?	Yes – A number of plots on the site have been the subject of planning applications: • Land adjacent to Peboc Industrial Estate – An application has recently been submitted for a 17MW solid biomass co-generation plant and a 14MW liquid biomass plant on the site. • Land to the rear of Former Cunliffes's site – Full planning permission was approved in May 2009 for the erection of 3 industrial units. • Former Gweithdy Mona Site – Full planning permission approved in March 2011 for meat and food processing unit and food distribution and trade counter unit.
Job creation and Investment potential	Development on the site has the potential to create 533 jobs.
Constraints	
Environmental designations	Malltraeth Marsh SSSI is located around 1475m towards the south of the site.
Planning related designations/issues	This site is allocated within the Ynys Mon Local Plan (adopted in 1996) (site S20) for employment use.
Infrastructure requirements	The available land located within this site is well served by road infrastructure. However, there is likely to be a need to provide services such as electrical, water supply, surface water drainage and sewerage on the site.
Telecommunications (fixed broadband and mobile coverage)	The site is located close to the A55, which has recently had a high speed broadband link installed along it. This will ensure that high speed broadband coverage will be available on the site. .
Access to the site (proximity to	Bryn Cefni Industrial Estate is located in close proximity to

primary road network – A55/A5)	junction 6 of the A55.
Ownership	Multiple ownership
Physical constraints (site remediation /demolition requirements)	The majority of the available land within the site is vacant, so there would be no need to undertake any demolition works. There are no obvious remediation issues associated with any of the plots on the industrial estate. However, this could require further investigation.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	Business rate discounts would be offered as a means to encourage investment from small and medium size businesses within the low carbon energy sector supply chain.
Planning Tools	A Local Development Order could be appropriate for this site. It is suggested that the uses that could be built without planning permission could include B1, B2 and B8. These uses may have to be attributed to each development plot, as some are unlikely to be large enough to accommodate B8 uses.
Softer/Complementary initiatives	A range of complementary softer measures will be relevant here including access to the single point of contact service to support new and existing businesses in accessing relevant programmes and finance. Through this interface companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures. Access to discounted training programmes for energy and construction related activity through local FE providers supported by local and Welsh Government funding.
Summary of Rationale	
Bryn Cefni Industrial Estate is considered to be appropriate for Enterprise Zone designation. The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for energy uses on the site provides good access to the primary road network. The available land located within this site appears to be well served by road infrastructure. However, there is likely to be a need to provide services such as electrical, water supply, surface water drainage and sewerage on each of the sites. A planning application has recently been submitted on a parcel of land on the site (land adjacent to Peboc Industrial Estate) for a 17MW solid biomass co-generation plant and a 14MW liquid biomass plant.	

Site Description: Creamery Land / Land North of Lledwigan Farm, Llangefni (EZ7)	
Size	25.3ha
Ownership Details	NA
Potential Use(s)	B1, B2, B8
Opportunities	
What potential demand is there for energy use(s) on the site?	Potentially High – The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for direct energy uses and development to support energy projects (offices, warehousing and manufacturing) at the site which provides good access to the primary road network.
Are there any energy use(s) currently associated with the site?	There are no energy uses associated with the site.
Have any planning applications been submitted on the site?	No – However the plot of land on the southern half of the site (Land North of Lledwigan Farm) is currently being considered as a potential park and ride site as part of the proposed new nuclear build at Wylfa.
Job creation and investment potential	Development on the site has the potential to create 679 jobs.
Constraints	
Environmental designations	Malltraeth Marsh SSSI is located around 660m towards the south of the site. Land on the southern half of the site is classified as grade 2 agricultural land.
Planning related designations/issues	Both sites are allocated within the Ynys Mon Local Plan (adopted in 1996) for employment use: Creamery Land (site S11); and land north of Lledwigan Farm (site S23)
Infrastructure requirements	There is currently no infrastructure in place on either portion of the site. An access point would need to be created from either the A5114 or Industrial Estate Road. Services such as electrical, water supply, surface water drainage and sewerage would also need to be provided.
Telecommunications (fixed broadband and mobile coverage)	The site is located close to the A55, which has recently had a high speed broadband link installed along it. This will ensure that high speed broadband coverage will be available on the site. The site has mobile coverage for a number of networks.
Access to the site (proximity to primary road network – A55/A5)	The site is located in close proximity to junction 6 of the A55.
Ownership	NA
Physical constraints (site remediation /demolition requirements)	There are no buildings present on the site, so there would be no need to undertake any demolition works. There are no obvious remediation issues associated with the site. However, this could require further investigation.

	There are flood risk issues associated with the land located towards the north of the site. These would need to be addressed in order to deliver new development on this part of the site,
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	Business rate discounts would be offered as a means to encourage investment from small and medium size businesses within the low carbon energy sector supply chain.
Planning Tools	It is considered that this site is unlikely to be appropriate for Local Development Order designation due to the significant infrastructure works that would be required to bring the site forward for development and the likely need for an Environmental Impact Assessment to support an overall outline planning permission for the site.
Softer/Complementary initiatives	The main complementary initiatives would be in the form of infrastructure investment to improve access and services to the site. Access to a range of complementary softer measures including the single point of contact service to support new businesses in accessing relevant programmes and finance. Through this interface new companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures.
Summary of Rationale	
The Creamery Land / Land North of Lledwigan Farm site is considered to be appropriate for Enterprise Zone designation. The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for energy uses on the site provides good access to the primary road network. There is currently no infrastructure present on the site. An access point would need to be created from either the A5114 or Industrial Estate Road. Services such as electrical, water supply, surface water drainage and sewerage would also need to be provided.	

Site Description: Land at Coleg Menai and Dafarn Newydd Site, Llangefni (EZ8) RESERVE SITE	
Size	38 hectares • 15 hectares EZ site • 23 hectares subject to planning
Ownership Details	A large part of the site is owned by Coleg Menai.
Potential Use(s)	B1, B2
Opportunities	
What potential demand is there for energy use(s) on the site?	Potentially High – The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for a range of direct energy uses and development to support energy projects (offices, warehousing and manufacturing) at the site.
Are there any energy use(s) currently associated with the site?	Yes – Earlier in 2011, the Energy Centre was completed on the site. The facility houses low carbon energy technology and training facilities. It is hoped that the centre will help to ensure Anglesey is at the forefront of skills provision to support the growing energy sector. The Energy Centre offers specialised courses for young people to train to work in the energy industry.
Have any planning applications been submitted on the site?	No planning applications have been submitted recently on the site. However, an outline masterplan has been put in place to extend the college towards the east of the existing campus. Proposed new development includes new road infrastructure, a renewable/green business park, an incubator business unit, a national construction college and a college/community leisure facility.
Job creation and investment potential	Development on the site has the potential to create 200 jobs based on the development area within the EZ site area on the plan and excluding the wider 23 hectares.
Constraints	
Environmental designations	The Caeau Talwrn SSSI is located around 830m towards the west of the site.
Planning related designations/issues	This site is not allocated within the Ynys Mon Local Plan (adopted in 1996).
Infrastructure requirements	New road infrastructure would be required to service new development on the site. The masterplan that has been prepared for the extension of the Coleg Menai site identifies the potential location of new roads on the site. In addition, services such as electrical, water supply, surface water drainage and sewerage would also be required on the site.
Telecommunications (fixed broadband and mobile coverage)	The site has mobile coverage for a number of networks.
Access to the site (proximity to primary road network – A55/A5)	The site is located close to junction 6 of the A55. Although traffic has to pass through a residential area and parts of the

	edge of Llangefni town centre in order to access the site.
Ownership	A large part of the site is owned by Coleg Menai.
Physical constraints (site remediation /demolition requirements)	There are no buildings on the site. Therefore, there would be no demolition requirements. There are no obvious remediation issues associated with the site. However, this could require further investigation.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	Business rate discounts would be offered as a means to encourage investment from small and medium size businesses within the low carbon energy sector supply chain.
Planning Tools	It is considered that this site is unlikely to be appropriate for Local Development Order designation due to the infrastructure works that would be required to bring the site forward for development.
Softer/Complementary initiatives	The main complementary initiatives would be in the form of infrastructure investment to improve access and services to the site. Access to a range of complementary softer measures including the single point of contact service to support new businesses in accessing relevant programmes and finance. Through this interface new companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures.
Summary of Rationale	
The land at Coleg Menai and Dafarn Newydd site is considered to be appropriate for Enterprise Zone designation. The site is located in close proximity to junction 6 of the A55. This location would potentially lead to a demand for energy uses on the site, particularly as there are existing energy uses currently on the site. Although traffic would need to pass through a residential area in order to access the primary road network. Earlier in 2011, the Energy Centre was completed on the site. The facility houses low carbon energy technology and training facilities. The Energy Centre offers specialised courses for young people to train to work in the energy industry. An outline masterplan has been put in place to extend the college towards the east of the existing campus. Proposed new development includes new road infrastructure, a renewable/green business park, an incubator business unit, a national construction college and a college/community leisure facility. At the present time the site is not allocated within the existing development plan but is identified within the draft employment land review to inform current work on the Joint local development plan. Given the current lack of formal planning status and need to develop the planning case, the site is identified as a reserve site for the purposes of the EZ. The possibility of extending the EZ and the timing for this will be considered in light of further discussion and the progress of the EZ generally.	

Site Description: Gaerwen Industrial Estate, Gaerwen (EZ9) RESERVE SITE	
Size	115 hectares (gross site area) • 56 hectares (EZ site) • 59 hectares (subject to planning)
Ownership Details	Site partly owned by the council and partly by private individuals.
Potential Use(s)	B1, B2 and B8
Opportunities	
What potential demand is there for energy use(s) on the site?	Potentially High - The site is located in close proximity to junction 7 of the A55. This location would potentially lead to a demand for a range of direct energy uses and development to support energy projects (offices, warehousing and manufacturing) at the site.
Are there any energy use(s) currently associated with the site?	There are no existing energy uses associated with the site.
Have any planning applications been submitted on the site?	No planning applications have been submitted recently on the site.
Job creation and investment potential	Development on the site has the potential to create an estimated 860 jobs. This is based on the area available for development within the EZ boundary that is not currently built on and excludes the wider development site which is subject to inclusion within the local development plan.
Constraints	
Environmental designations	The site is located approximately 1280 metres from the Malltraeth Marsh SSSI.
Planning related designations/issues	Gaerwen Industrial Estate is allocated within the Ynys Mon Local Plan (adopted in 1996) for employment use (site S28).
Infrastructure requirements	The southern plot to extend the existing estate has significant access issues and a new road would have to be put in place in order to secure appropriate access to it. Services such as electrical, water supply, surface water drainage and sewerage would also need to be provided. The additional area to the east of the existing estate would be subject to planning approval and would also require significant investment in new road, energy, water and communications infrastructure.
Telecommunications (fixed broadband and mobile coverage)	The site is located close to the A55 so there is potential to provide a spur from the existing fibre optic spine along the dual carriageway. The site has mobile coverage for a number of networks.
Access to the site (proximity to primary road network – A55/A5)	The site is located in close proximity to the A5, which provides access to junction 7 of the A55.
Ownership	Site partly owned by the council and partly by private individuals.
Physical constraints (site remediation /demolition	There are no obvious remediation issues associated with the site. However further investigation would be required to

requirements)	confirm this.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	The existing estate contains a range of small and medium size businesses in the industrial/manufacturing sectors. We would propose the use of business rate discounts for low carbon energy businesses on the existing estate and any new businesses locating in the current and potentially extended estate area. If manufacturing businesses can be attracted to Gaerwen there would also be a case to offer enhanced capital allowances on plant and machinery
Planning Tools	It is considered that this site is unlikely to be appropriate for Local Development Order designation due to the infrastructure works and known access issues that would be required to bring the site forward for development.
Softer/Complementary initiatives	The main complementary initiatives would be in the form of infrastructure investment to improve access and services to the site. Access to a range of complementary softer measures including the single point of contact service to support new and existing businesses in accessing relevant programmes and finance. Through this interface companies would be able to access a range of support provided by EU, Welsh and local government funding. This would potentially include the development of a dedicated Energy Island funding programme, Welsh Government supported apprenticeship schemes along with local programmes including Prentis Menai and Business, Enterprise, Technology and Science (BETS) business support measures.
Summary of Rationale	
The existing industrial estate has a range of industrial uses and has been identified as a potential prestige employment site within the UDP. There is some spare capacity within the existing estate and the potential to extend with infill sites and expand towards the junction with the A55. This provides both short and long term opportunities for low carbon energy businesses. Although the site could potentially be in demand for energy related uses due to its location close to the primary road network, there would need to be significant investment in the local infrastructure (including major investment to create new road infrastructure and access to development sites, works to create hard standing, and the delivery of services such as electrical, water supply, surface water drainage and sewerage) to bring the different parts of the site forward for development. Given the overall scoring, infrastructure constraints and affordability issues the site has been identified as a reserve for the purposes of the EZ. The possibility of extending the EZ to include EZ9 and the timing for this will be considered in light of further discussion and the progress of the EZ generally.	

Site Description: Former Shell Tank Farm, Rhosgoch (EZ10)	
Size	82.2ha
Ownership Details	Isle of Anglesey County Council
Potential Use(s)	B1 and B2
Opportunities	
What potential demand is there for energy use(s) on the site?	High - The site is located in close proximity to the proposed nuclear new build at Wylfa. This location would potentially lead to a demand for a range of direct energy uses and development to support energy projects (offices, warehousing and manufacturing) at the site. Therefore, there is potential demand for energy used to be located on the site.
Are there any energy use(s) currently associated with the site?	No – At present, there are no energy uses associated with the site.
Have any planning applications been submitted on the site?	No planning applications have been submitted recently on the site.
Job creation and investment potential	Assuming that the site would be used for the creation of a density use such as sub-station to support the development of the proposed nuclear new build we have calculated that there is the potential to create an estimated 120 jobs. This takes into account the total site area and relevant employment densities for industrial uses.
Constraints	
Environmental designations	The site is located 1654m from the Llyn Hafodol and Cors Clegyrog SSSI.
Planning related designations/issues	The site is allocated within the Ynys Mon Local Plan (adopted in 1996) for employment use (site S14).
Infrastructure requirements	There is currently no infrastructure in place on the site. At present, there are two access points to the site from the northern boundary and eastern boundary. However, the existing access onto the site would need to be improved to accommodate new development. Services such as electrical, water supply, surface water drainage and sewerage would also need to be provided on the site.
Telecommunications (fixed broadband and mobile coverage)	The site does not have high speed broadband access. Mobile connectivity is available for some networks.
Access to the site (proximity to primary road network – A55/A5)	At present, the site has poor access to the primary road network. There are works planned to the A5025, which will improve journey time to the primary road network. However, traffic has to travel along rural roads (through a number of villages) in order to access the A5025.
Ownership	The site is owned by the Isle of Anglesey County Council.
Physical constraints (site remediation /demolition requirements)	Demolition works may be required to clear the existing works on the site associated with the previous use. There could potentially be remediation required on the site, which would

	need to be addressed prior to developing the site.
Potential Enterprise Zone Tools and Incentives	
Financial Incentives	The most obvious tool that could be used is deferred payment on land sales given the sites single ownership. The financial incentives that would be offered would be dependent on the potential uses coming forward. There is the potential for significant site constraints including contamination which could affect the potential uses. However without further investigation it is difficult to specify the extent of the associated costs here. If the site were deemed suitable for supporting infrastructure or a relevant inward investment project there may be scope to provide enhanced capital allowances on plant and machinery. The site is unlikely to be suitable for small and medium size businesses and hence business rate discounts are unlikely to be an effective tool here.
Planning Tools	Use of an LDO may be appropriate e.g. for energy infrastructure but until the nature of the employment uses becomes clearer it is unlikely that preparing a LDO would be appropriate or possible particularly given the relatively remote location.
Softer/Complementary initiatives	The main complementary initiatives would be in the form of infrastructure investment to improve access and services to the site. There may be a range of other initiatives that could be utilised however these will only become clear once current discussions and specific development proposals are made public.
Summary of Rationale	
The Rhosgoch site is considered to be appropriate for Enterprise Zone designation. The site is in single ownership and this offers good potential for bringing development forward quickly. Anecdotal evidence suggests there are a number of parties interested in purchasing the site. Located relatively close to the proposed nuclear new build there are a range of potential uses for which the site could be considered including sub-station use and potential workers accommodation. Investment in supporting infrastructure would need to be significant for any high density employment or other use.	

Appendix C Business rate relief

Introduction

This section details some additional analysis undertaken on business rate reliefs for the Welsh Government:

- An estimate of the rateable value of existing properties in the designated EZ sites for those who would be eligible for business rate relief; and
- An estimate of how quickly the remaining sites will be occupied and the maximum business rates foregone per annum.

Business rate revenues foregone (existing properties)

Currently four of the nine designated areas have existing businesses on site. These are set out below with the estimated occupied floorspace (based on GIS analysis):

- Anglesey Aluminium (114,800sq m);
- Holyhead Port (40,000sq m);
- Bryn Cefni Industrial Estate (71,000sq m); and
- Gaerwen Industrial Estate (48,000sq m).

We have assumed a vacancy rate of 10%, which was applied to the above floorspaces. The occupied floorspace was then split into the three bulk classes (office, industrial and warehousing) based on earlier analysis of the likely future make-up of the sites. The rateable value per sq m was applied depending on the bulk class (using VOA data) to provide the maximum rateable value on these sites.

However, as the business rate relief is proposed for eligible 'energy' businesses we estimated the proportion of those occupying the sites that fall into this category. This was estimated using a combination of local knowledge and the proportion of total employment in Anglesey which is 'energy' based[12].

[12] A tried and trusted way of quantifying sectors is through the use of Standard Industrial Classification (SIC) coding. However, it is notoriously difficult to define this sector accurately using SIC codes and as such we have reviewed a range of definitions and used the average (3%).

Business rate revenues (new development)

In order to calculate the business rate revenue per annum for new development sites we took the following steps:

- Applied a bulk class split for each of the sites to the total developable areas to provide the total likely floorspace for office, industrial and warehousing uses;
- To each type of use we applied the appropriate rateable value per sq m and the associated multiplier.

This provides the total maximum business rate revenue foregone in any one year (assuming all businesses are eligible, that there are sufficient businesses to negate state aid limits i.e. there are enough occupying businesses to give relief on the entire floorspace without exceeding the £50k (approx) per annum limit and that the EZ is fully occupied). These are set out below:

Table 1 Maximum business rate revenue per annum (new space)

EZ site	Maximum revenue
Parc Cybi, Holyhead	£1,405,954
Bryn Cefni Industrial Estate, Llangefni	£478,438
Penrhos Industrial Estate	£142,649
Anglesey Aluminium, Holyhead	£567,163
Creamery Land / Land North of Lledwigan Farm, Llangefni	£589,998
Gaerwen Industrial Estate, Gaerwen	£609,545
Former Shell tank farm, Rhosgoch	£124,029
Land at Coleg Menai and Dafarn Newydd Site, Llangefni	£127,902
Holyhead Port, Holyhead	£54,367

From this we assumed an occupancy rate for each of the sites for every year between 2013-14 and 2017-18. This differed for each EZ sites and was dependant on when it was felt that the sites would be developed and then how quickly the sites could be occupied.

The business rate relief is only applied for 3 years in order to partially account for State Aid rules (limiting relief to a rolling three year period). This means that, if in year 1 we assume a site is 25% occupied and then by year 4 it is 75% occupied we would multiply the ‘maximum rate foregone per annum’ figure by 50% (75% - 25%) for the fourth year.

Our calculations also assume that there is no business flow from the sites. In other words, we have not allowed for one business to leave and then a new one to replace it. This means that when a site is fully occupied, three years later there would be no additional business rates foregone. However, it is unlikely that any of the sites would be fully occupied three years before the end of the study period (i.e. 2014).

The following table illustrates the cost of providing business rate relief in each EZ site between 2013-14 and 2017-18. This assumes that for new development 40% of the available space is taken up by eligible businesses. For sites with existing premises we have assumed a percentage based on our knowledge of near term development proposals and the percentage of overall employment accounted for by the energy sector.

Table 2: Maximum revenue foregone per annum by site (new and existing development) assuming 40% of floorspace new development taken by eligible businesses (long listed sites)

	Anglesey Aluminium EZ1	Parc Cybi EZ2	Penrhos Industrial Estate EZ3	Holyhead Port EZ5	Bryn Cefni Industrial Estate EZ6	Creamery Land/ Lledwigan Farm EZ7	Coleg Menai /Dafarn Newydd - EZ8	Gaerwen Industrial Estate EZ9	Former Shell tank farm, Rhosgoch EZ10	TOTAL
2013	£89,030	£0	£0	£15,742	£46,757	£0	£0	£48,984	£0	**£200,513**
2014	£144,030	£56,238	£0	£19,004	£75,463	£0	£0	£73,366	£0	**£368,101**
2015	£155,373	£112,476	£17,118	£22,266	£104,169	£0	£0	£85,557	£0	**£496,959**
2016	£34,030	£224,953	£34,236	£9,786	£76,550	£47,200	£10,232	£60,954	£7,442	**£505,383**
2017	£56,716	£224,953	£51,354	£10,873	£86,119	£70,800	£20,464	£48,764	£14,884	**£584,926**
2013 to 2017	**£479,179**	**£618,620**	**£102,707**	**£77,673**	**£389,058**	**£118,000**	**£30,697**	**£317,624**	**£22,325**	**£2,155,882**

CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

YNYS YNNI MÔN
ANGLESEY ENERGY ISLAND

Llywodraeth Cynulliad Cymru
Welsh Assembly Government

ENERGY ISLAND ENTERPRISE ZONE

A draft prospectus

January 2012


SAFETY

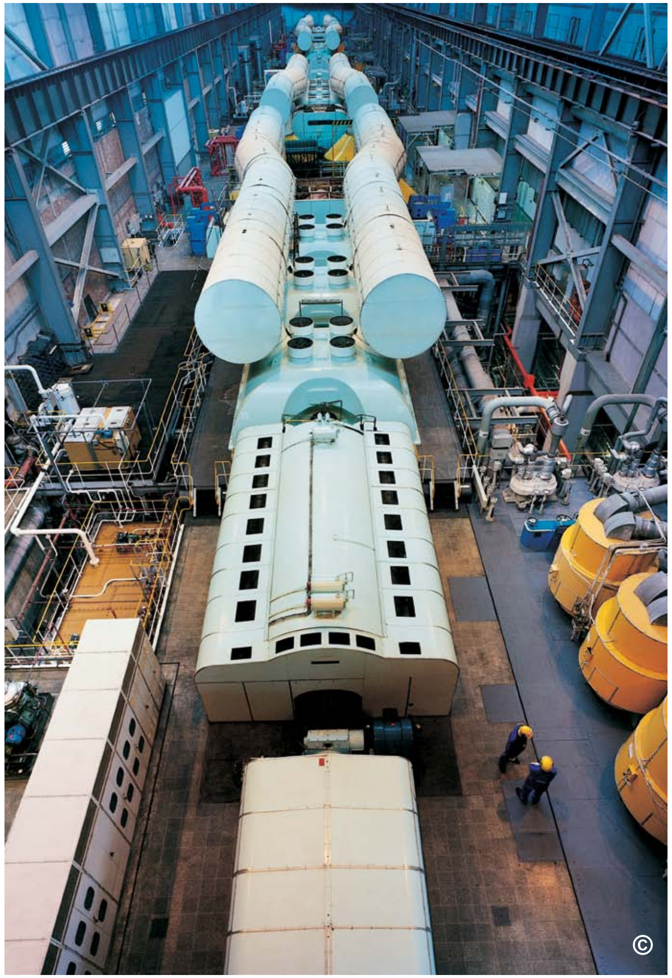
CONTENTS

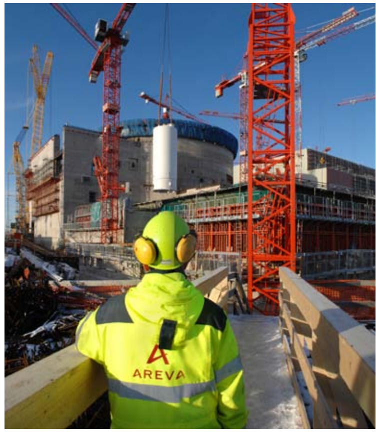
1. ENERGY ISLAND ENTERPRISE ZONE

The Energy Island Enterprise Zone is a once in a generation opportunity to capitalise on the planned investment and growth potential of the low carbon energy sector on Anglesey. Enterprise Zone designation provides additional levers and builds on the Energy Island Programme. Together these will balance and grow the Anglesey economy, make a major contribution to the emerging energy and environment sector plan and Programme for Government.

Enterprise Zone Key Facts:

Total area:	250 hectares (provisional)
Jobs potential:	3,700 (provisional)
Gross Value Added:	Increase by 10-13% over and above the “business as usual” scenario to 2025
Demographics:	Reduce the out-migration of younger people by offering sustainable employment
Unemployment:	Reduce unemployment and close the gap with the Welsh national average rate




AREVA

2. VISION

The vision for the Energy Island Programme is to create a world-renowned centre of excellence for the production, demonstration and servicing of low carbon energy:

- Production – Investing in new low carbon energy production to help secure a stable energy future for Wales;
- Demonstration – Establishing world-class facilities to place Anglesey as a leading location for low carbon energy innovation and demonstration;
- Servicing – Ensuring that supply chain opportunities are captured.

Energy Island builds on planned private investment in the proposed nuclear new build at Wylfa from Horizon Nuclear Power alongside opportunities in wind power, biomass, micro generation and marine renewables.

3. OPPORTUNITIES

The scale of planned investment in low carbon energy amounts to an investment of over £8 billion. This includes:

Nuclear - Horizon Nuclear Power, a joint venture between the German energy giants RWE and EON will be applying for planning consent for a new nuclear power station at Wylfa. The investment would create approximately 6,000 construction jobs at peak and 700 operational jobs over the operational life of the station.

The extended operation, defuelling and decommissioning of the existing Magnox power station will also provide employment opportunities during the medium term.

Biomass/Eco Park - Lateral Power's proposed Eco-Park on the former Anglesey Aluminium site is based on modular biomass power plants (totalling up to 299 MW) providing energy and steam to hydroponic and aquaculture enterprises (with excess sold to Grid), and other developments with up to 400 new jobs created in the long term. The proposals will create up to 600 temporary construction and 400 long term operational jobs.




Marine renewables - Seagen Wales, a joint venture between npower renewables and Marine Current Turbines will install a 10.5 MW tidal array in the Langdon ridge between the Skerries and Carmel Head in North West Anglesey. Other interested marine renewable companies are also considering development opportunities.

Wind energy - There are already three onshore wind farms on the island with potential for re-planting with larger turbines. Off shore, the Irish Sea round three zone licenced to Centrica has an estimated yield of 4.2GW. This represents a major opportunity to attract specialist construction and supply chain firms to the Island with Holyhead being the nearest port to the zone.

Complementary development – Land and Lakes Ltd have secured an option on land adjoining the former Anglesey Aluminium site and are seeking planning consent for a mixed use development of residential, tourism village and leisure. They wish to promote this as an eco–destination with green credentials and are in discussions with Lateral Power on utilising heat for a district heating system.

There are also masterplan proposals for land adjacent to the Energy Centre at the Coleg Menai site in Llangefni. Here the aim is to expand the training facilities and develop an energy focused science park over the longer term.

4. REALISING THE AMBITION

The Energy Island Programme team includes representatives from Welsh Government, Isle of Anglesey County Council, neighbouring Local Authorities, education and training providers and the private sector. The programme has a number of work streams each of which has a detailed action plan including:

- Inward Investment and Supply Chain Development;
- Education, Skills and Behaviour Change;
- Infrastructure, policy and consents.

These plans will enable the opportunities outlined in this document to be achieved through co-ordinated activity by the public sector players involved. A shared vision and joint working gives considerable scope for utilising existing programmes (see adjacent). The Enterprise Zone adds value by levering private investment and addressing the gaps in provision. There is also scope for using post 2013 structural funds to provide a comprehensive Energy Island funding programme.

Examples of how existing programmes can be used include:

- **Inward Investment**

Promoting sites at Parc Cybi, Bryn Cefni, Rhosgoch, Llangefni and the Port of Holyhead.

- **Supply Chain Development**

Utilising Business, Enterprise, Technology and Science (BETS) business support measures for improving the competitiveness of SMEs in supply chain opportunities.

- **Education and Skills**

Building on the major capital investment by the Welsh Government in new Construction and Energy training facilities at Coleg Menai in Llangefni.

Expanding the ‘Prentis Menai’ scheme for energy sector apprenticeships.

- **Community Cohesion and Behaviour Change**

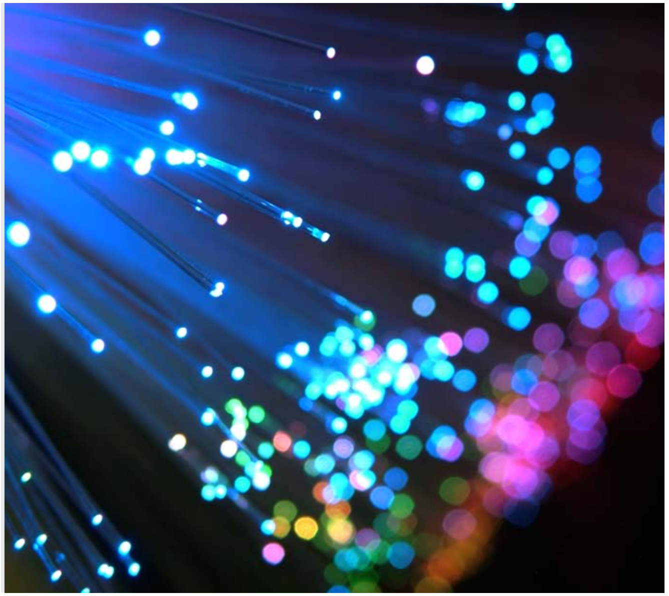
Promoting energy efficiency through the Môn a Menai and ARBED programmes.

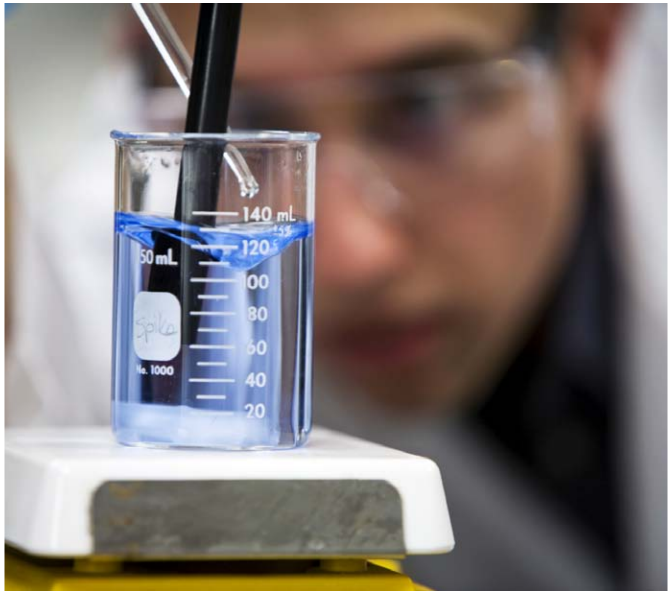
Recent bids to the Nuclear Decommissioning Authority to develop skills and local employment.

- **Infrastructure**

As a Trans European Network route the A55 is eligible for new EU Funds post 2015.

Utilising Welsh Government plans to roll out next generation broadband.




140 mL
120
100
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20

5. INCENTIVES

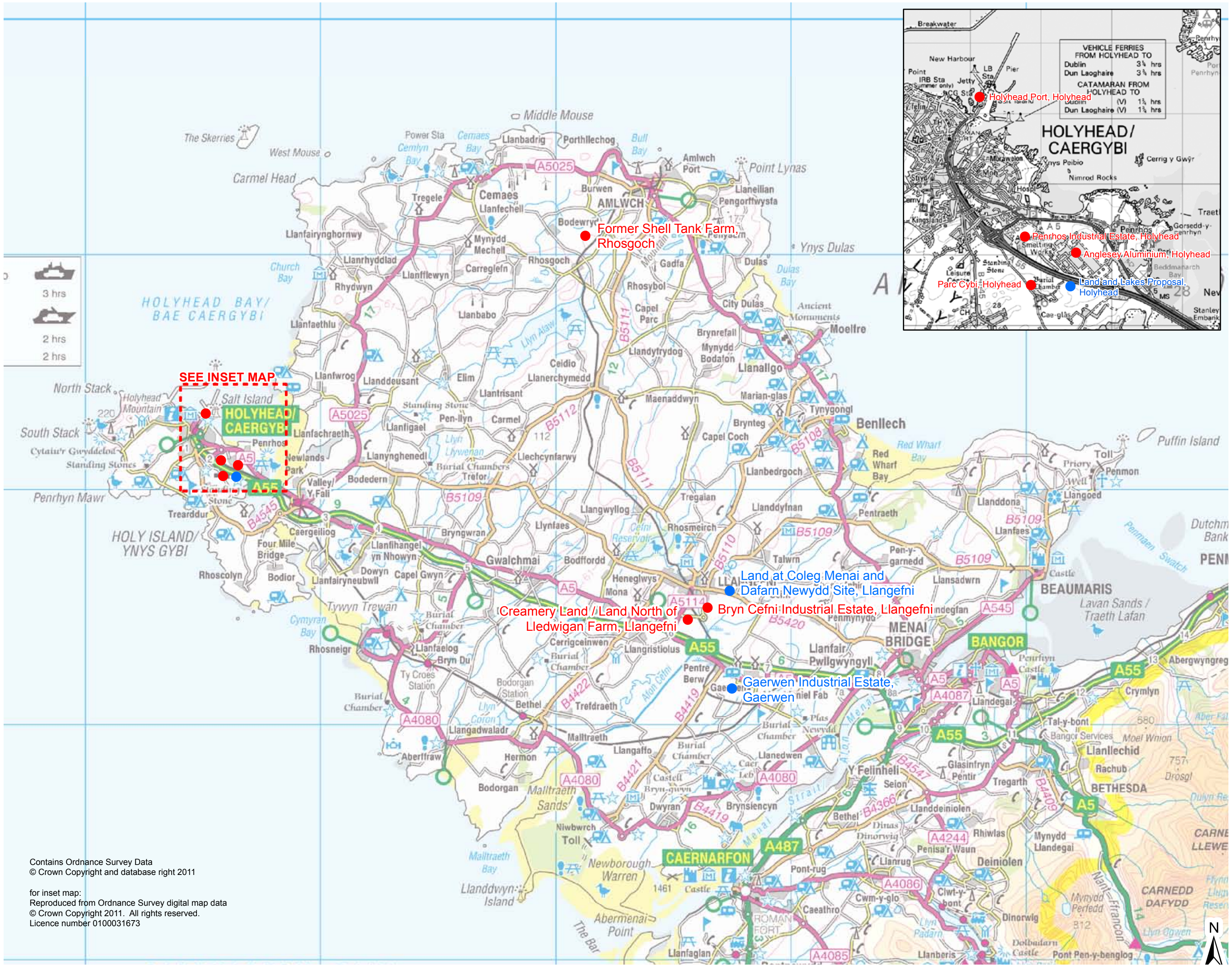
The Enterprise Zone provides a real opportunity to build on existing investment and maximise the supply chain benefits that are captured in North Wales.

The Enterprise Zone would include the following incentives and support:

- Business rate reliefs - to encourage growth in small and medium size businesses.
- Enhanced capital allowances on plant and machinery.
- Deferred payment on land sales - where sites are in public ownership.
- Local development orders - to speed up the planning process on specific sites.
- Infrastructure funding - to enable appropriate private sector development.
- Broadband - utilising the Welsh Government Next Generation Broadband procurement to include Anglesey in the initial phase of the rollout.
- A single point of contact - providing advice, guidance and support to access relevant EU, Welsh Government and local initiatives and programme.

Business rate relief proposals would be developed in more detail following the current review by Welsh Government. Critical here is the need to ensure that the incentive promotes job creation, maximises value for money and complements national reliefs.

In addition we would also investigate the possibility to retain the potential growth in business rates over the longer term and use mechanisms including TIF (Tax Increment Finance) to drive infrastructure investment and economic development.


SEE INSET MAP
HOLYHEAD/ CAERGYBI
Former Shell Tank Farm, Rhosgoch
Land at Coleg Menai and Dafarn Newydd Site, Llangefni
Bryn Cefni Industrial Estate, Llangefni
Creamery Land / Land North of Lledwigan Farm, Llangefni
Gaerwen Industrial Estate, Gaerwen
Holyhead Port, Holyhead
Penrhos Industrial Estate, Holyhead
Anglesey Aluminium, Holyhead
Parc Cybi, Holyhead
Land and Lakes Proposal, Holyhead
HOLYHEAD/ CAERGYBI
VEHICLE FERRIES FROM HOLYHEAD TO
Dublin 3¼ hrs
Dun Laoghaire 3¼ hrs
CATAMARAN FROM HOLYHEAD TO
HOLYHEAD BAY/ BAE CAERGYBI
HOLY ISLAND/ YNYS GYBI
AMLWCH
Benllech
BEAUMARIS
MENAI BRIDGE
BANGOR
CAERNARFON
BETHESDA
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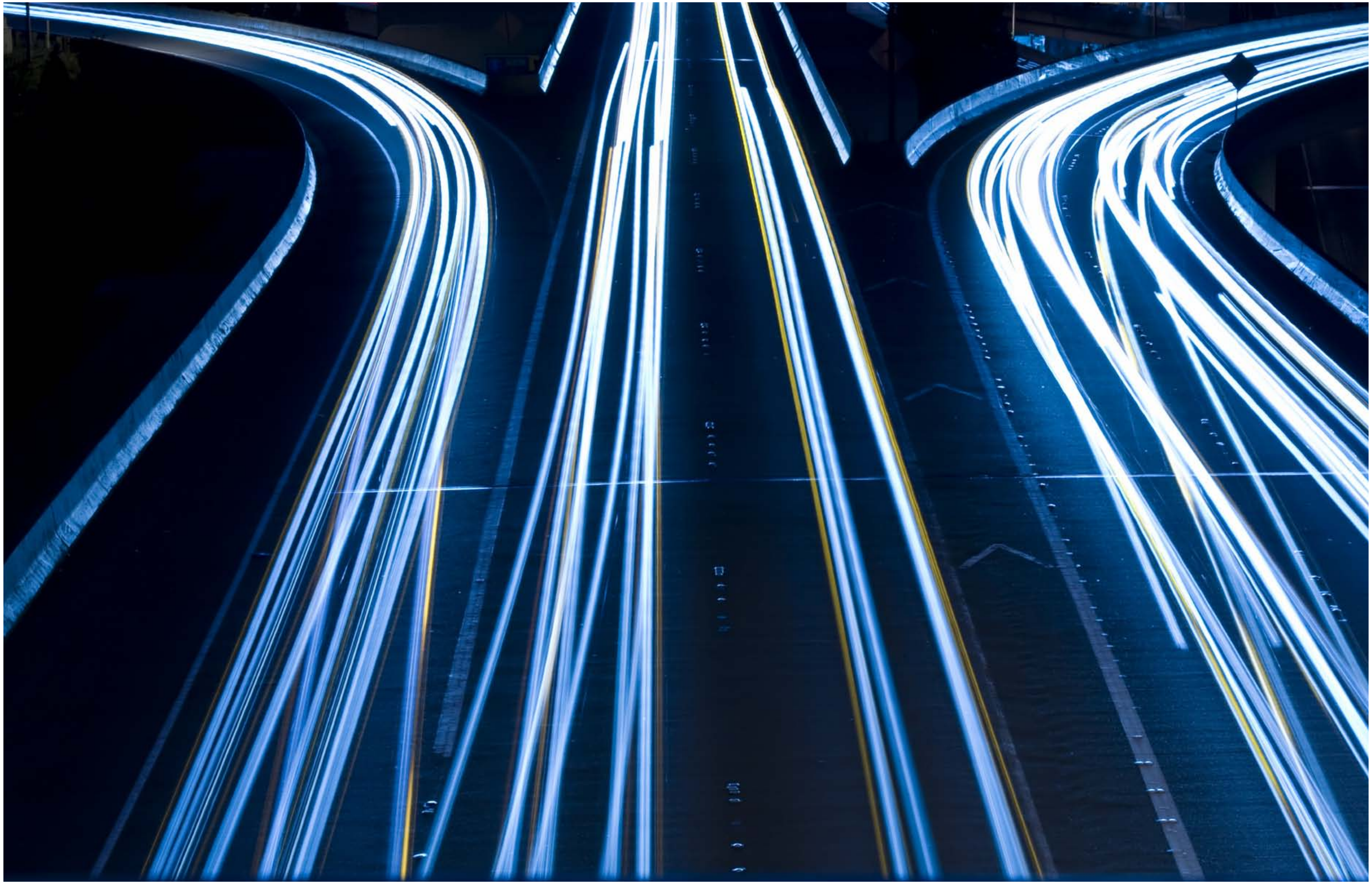
Liverpool
Llandudno
Anglesey
Caernarfon
Wrexham
Snowdonia National Park
Aberdaron

6. LOCATION

The zone will be focused on key sites on the Isle of Anglesey. The sites have been short listed on the basis of their suitability to meet the needs of business, deliver sustainable economic benefits, fit with existing investment plans and their overall deliverability. Short listed sites include Parc Cybi, Anglesey Aluminium, Bryn Cefni business park, Holyhead Port, Penrhos Industrial estate, Creamery Land at Llangefni and land at Rhosgoch.

There are also three reserve sites identified including the Land and Lakes proposals in Holyhead, land at Coleg Menai in Llangefni and Gaerwen industrial estate. These sites present good opportunities but require further work to establish their planning cases or are longer term prospects due to infrastructure and affordability constraints. The possibility of extending the zone and the timing for this will be considered in light of further discussion and the progress of the zone generally.



7. SUMMARY AND NEXT STEPS

Enterprise Zone designation should capitalise on the opportunities and investment by:

- Bringing forward and increasing the scale of energy development;
- Promoting pilot/R&D energy projects with commercial potential;
- Ensuring that energy developments on the margins of viability take place;
- Enabling developments to be more energy efficient, or to be best practice demonstration projects in the energy field;
- Creating a sustainable, long term legacy.

This needs to be achieved by;

- Joint working;
- Utilising and pooling existing resources, programmes and expertise;
- Capitalising upon existing assets and investment.

This prospectus provides a summary of the vision, opportunities and incentives available within the Energy Island Enterprise Zone. Further discussion with key stakeholders will be undertaken over the following months with the launch of the zone in April 2012.

APPENDICES: SITE LOCATIONS

HOLYHEAD

Anglesey Aluminium - EZ1

Site Area: 91 Hectares

Description: Strategic site offering large scale opportunities building on the planned biomass investment and Eco Park proposals.

Parc Cybi - EZ2

Site Area: 53 Hectares (available)

Description: The island's premier site, close to the A55. Holyhead Point and the proposed new build at Wylfa.

Penrhos Industrial Estate - EZ3

Site Area: 3.5 Hectares

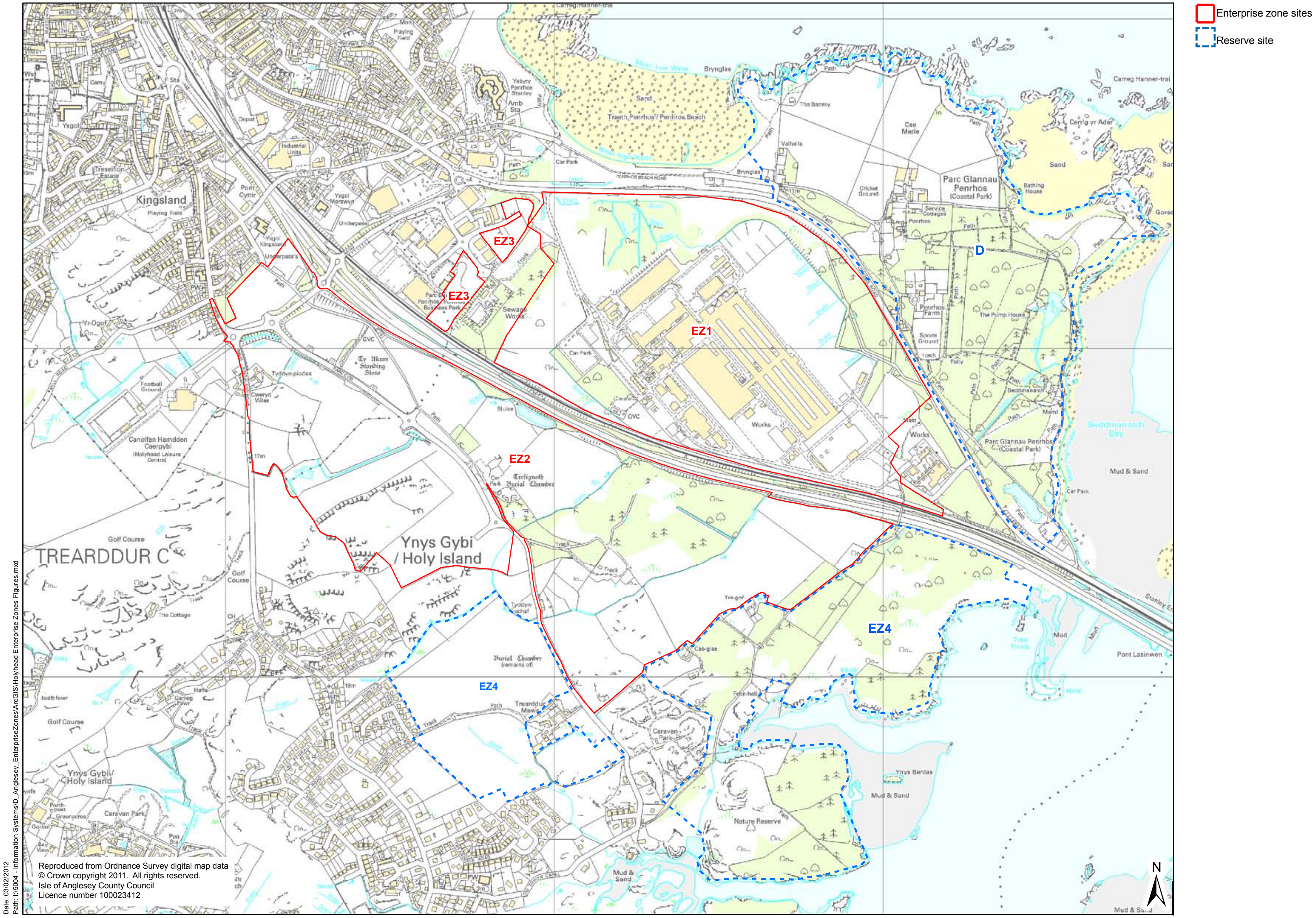
Description: Located close to Junction 2 of the A55, to an existing development in Llangefni with potential design and build opportunities for the low carbon energy supply chain.

Land and Lakes Proposals - EZ4

Site Area: 240 Hectares (subject to planning)

Description: Part of a wider redevelopment of the Anglesey Aluminium site with major potential for employment and economic growth in the low carbon energy sector and supply chain.

RESERVED SITE


Enterprise zone sites
Reserve site
EZ1
EZ2
EZ3
EZ3
EZ4
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Kingsland
TREARDDUR C
Ynys Gybi / Holy Island
Parc Glannau Penrhos (Coastal Park)
Traeth Penrhos / Penrhos Beach
Mud & Sand
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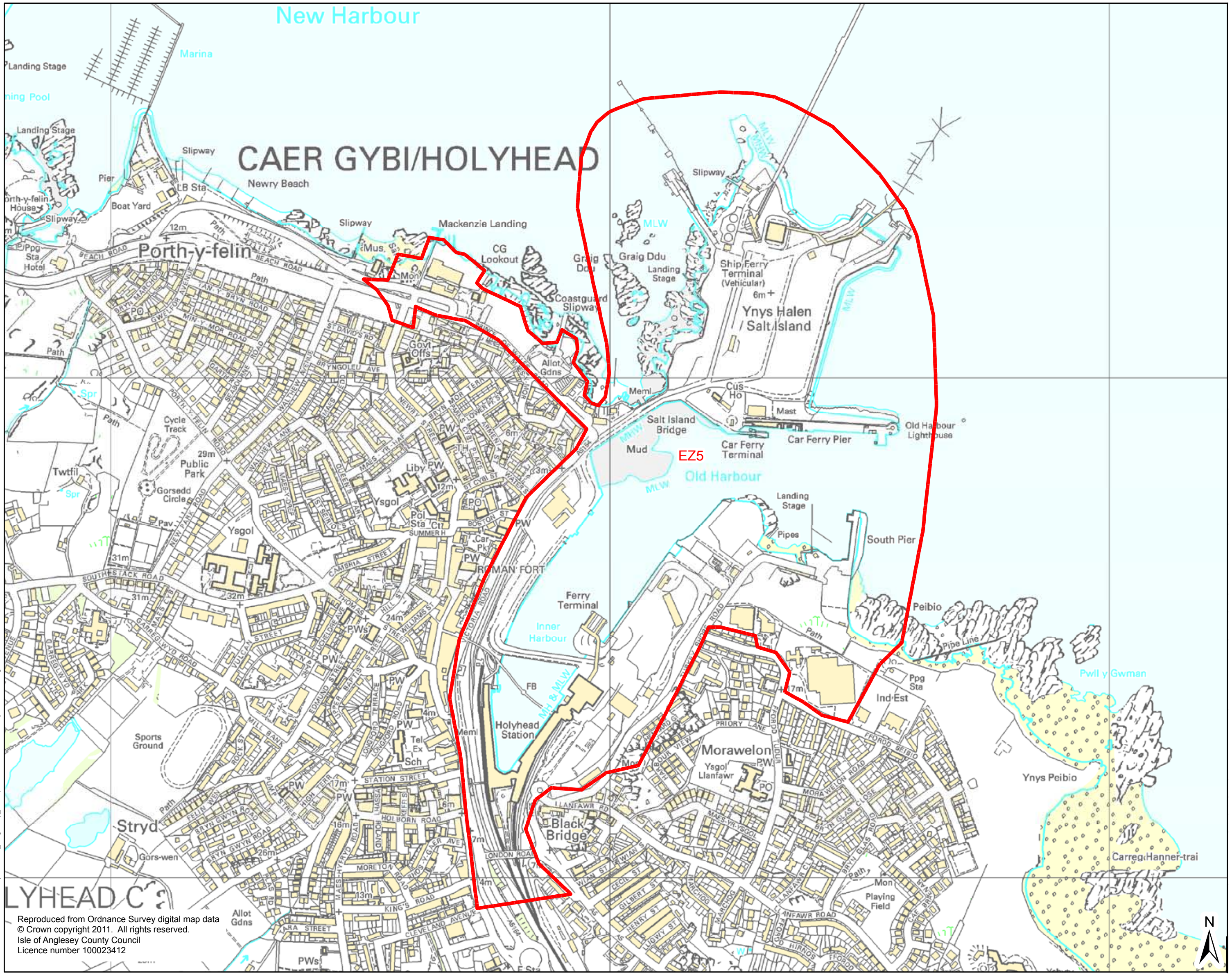
HOLYHEAD PORT, HOLYHEAD - EZ5

Site Area: 98 Hectares (Total Site)

Description: Numerous opportunities for supply chain firms to locate on existing sites. Alongside short term expansion and longer term opportunities in the marine renewables sector.



Enterprise zone sites

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LLANGEFNI

Bryn Cefni Industrial Estate - EZ6

Site Area: 57 Hectares (Total Estate Area)

Description: Existing industrial estate with mix of office and light industrial uses on the edge of Llangefni, close to the A55 offering design and build opportunities for the low carbon energy supply. chain.

Creamery Land, Land north of Lledwigan Farm - EZ7

Site Area: 25 Hectares

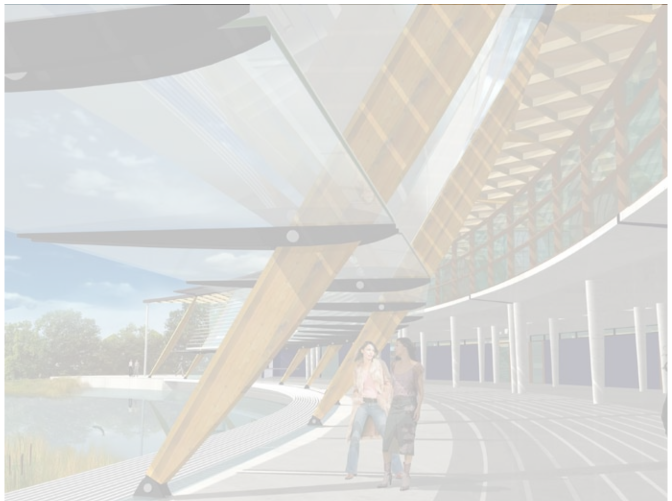
Description: Site located close to Junction 6 of the A55 with potential to accommodate industrial and office uses.

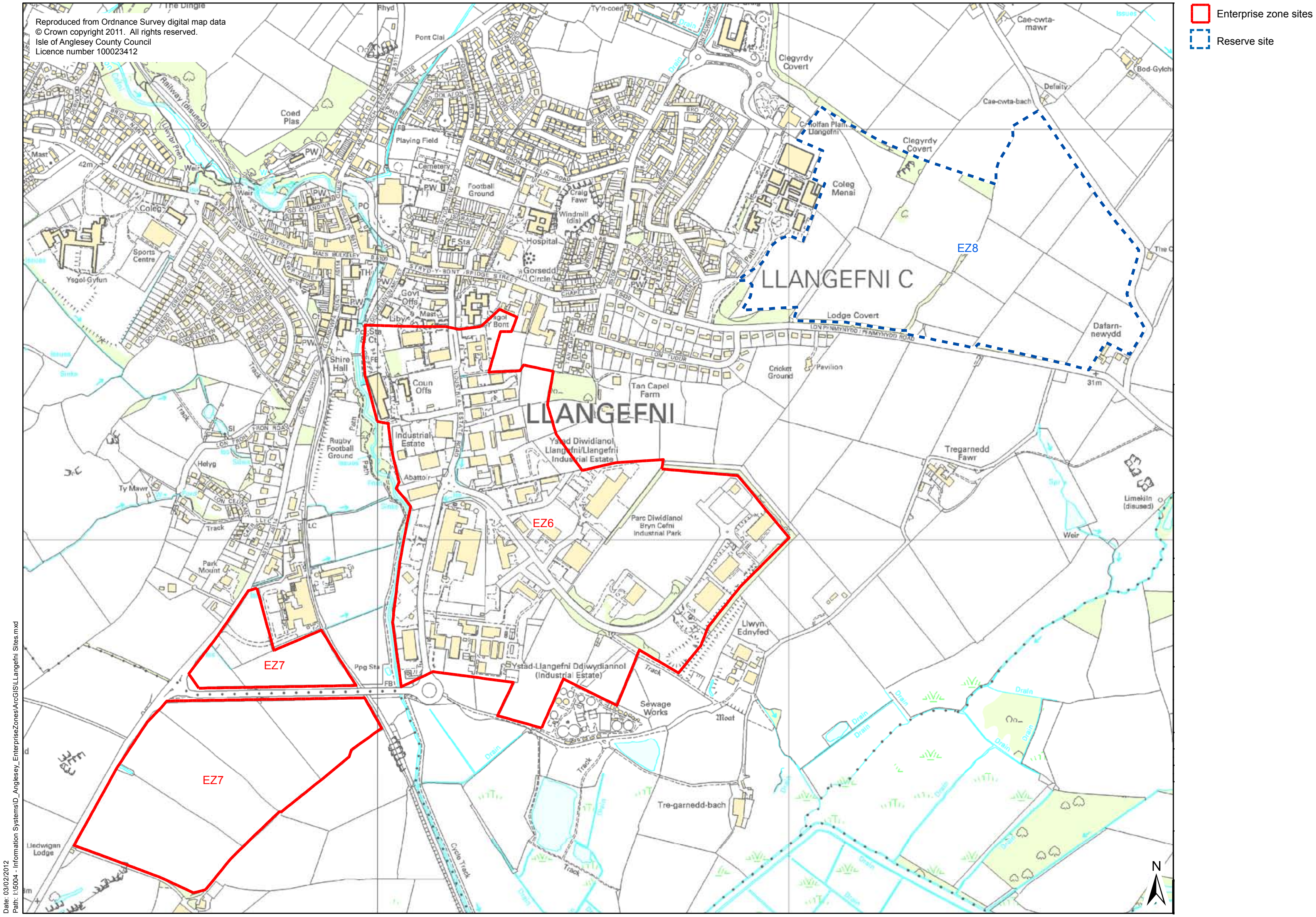
Land at Coleg Menai - EZ8

Site Area: 38 Hectares

Description: A well located site adjacent to the recently opened Energy Centre at Coleg Menai and close to Junction 6 of the A55. Potential for mixed use development including office and light industrial to create a cluster of energy related uses.

RESERVED SITE

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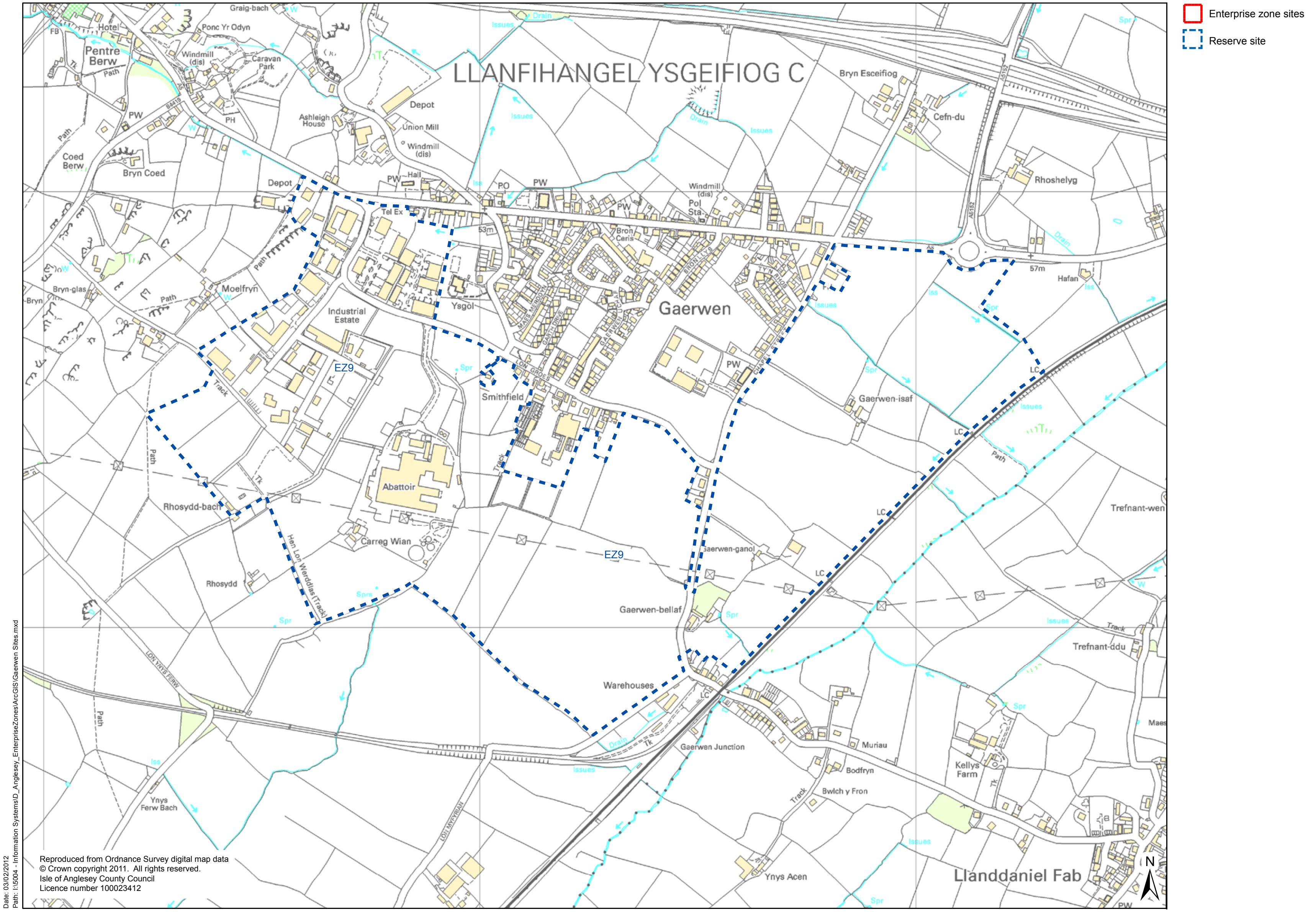
GAERWEN INDUSTRIAL ESTATE, GAERWEN - EZ9

RESERVED SITE

Site Area: 56 Hectares

Description: Located close to Junction 7 of the A55, the site includes existing industrial and office uses with significant potential for expansion to accommodate industrial and manufacturing uses.


Enterprise zone sites
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Gaerwen
Llanddaniel Fab
Pentre Berw
EZ9
Industrial Estate
Abattoir
Smithfield
Ysgol
Depot
Union Mill
Bryn Esceifiog
Cefn-du
Rhoshelyg
Hafan
Gaerwen-isaf
Gaerwen-bellaf
Warehouses
Gaerwen Junction
Muriau
Bodfryn
Bwlch y Fron
Kellys Farm
Trefnant-wen
Trefnant-ddu
Ynys Acen
Rhosydd-bach
Rhosydd
Carreg Wian
Moelfryn
Bryn-glas
Coed Berw
Bryn Coed
Ashleigh House
Graig-bach
Ponc Yr Odyn
Caravan Park
Ynys Ferw Bach
Hen Lon Werddlas (Track)
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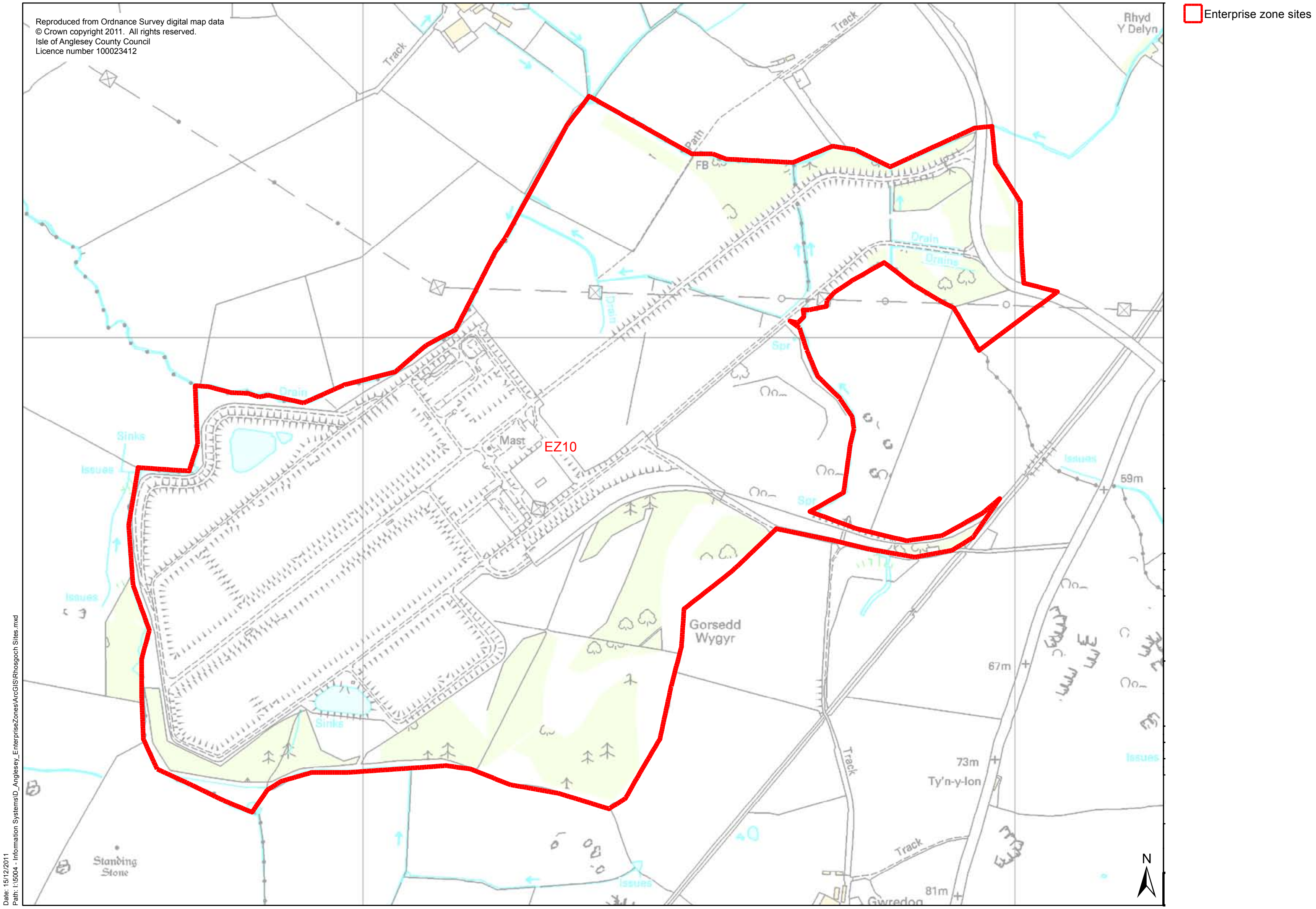
FORMER SHELL TANK FARM, RHOSGOCH - EZ10

Site Area: 82 Hectares

Description: A strategically located site close to the proposed nuclear new build at Wylfa with potential for supply chain firms and supporting development.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Enterprise zone sites
EZ10
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Gorsedd Wygyr
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Ty'n-y-lon
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